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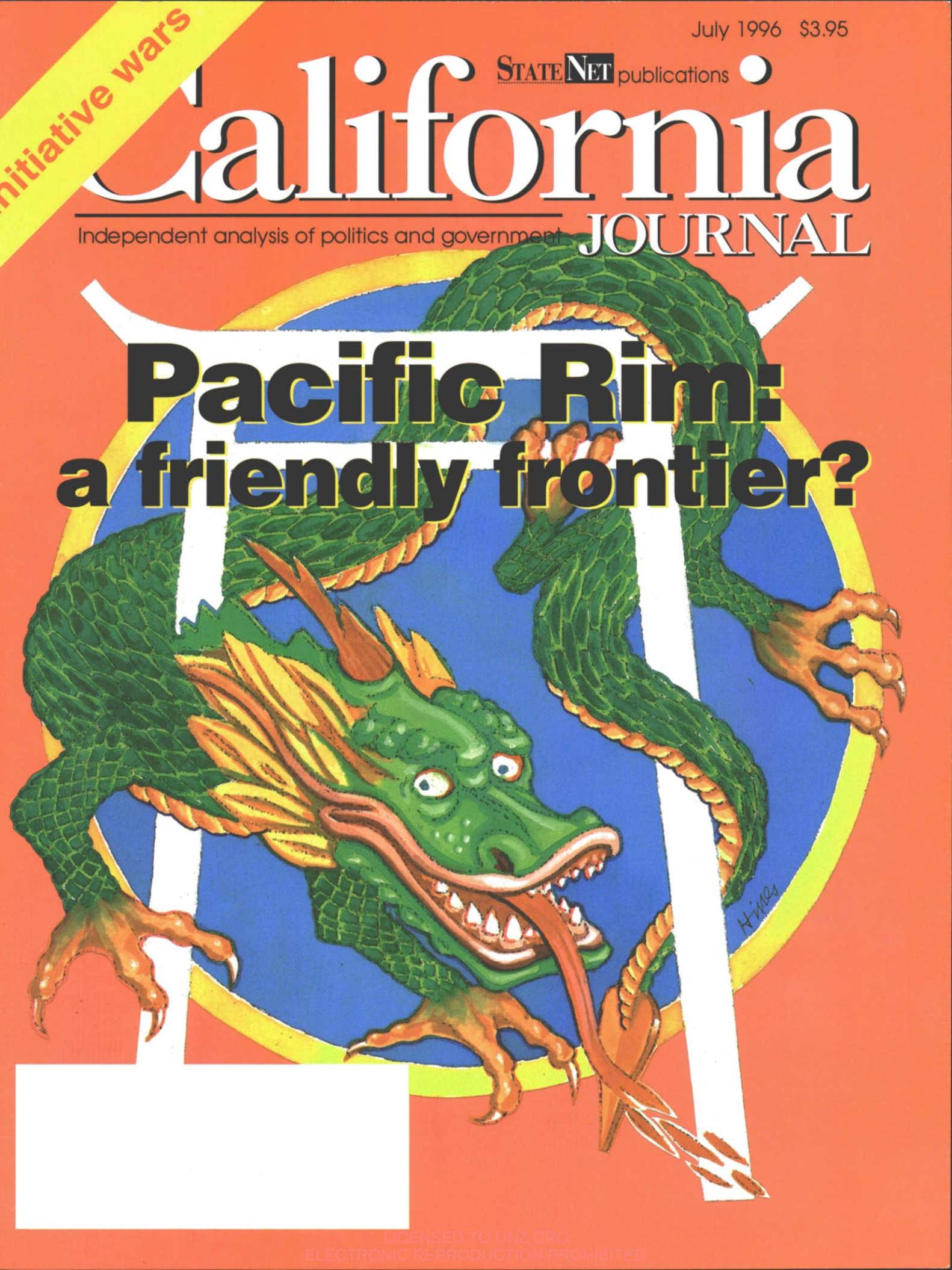

Pacific Rim: a friendly frontier?

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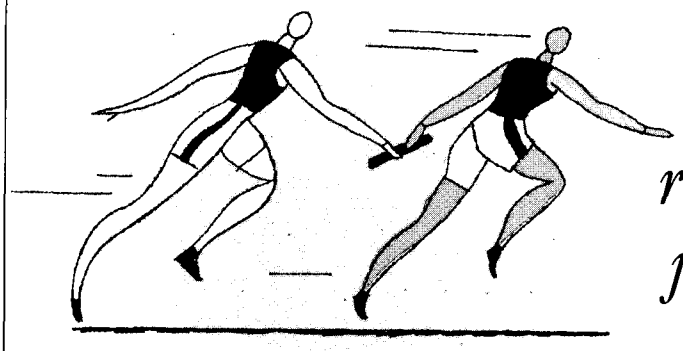

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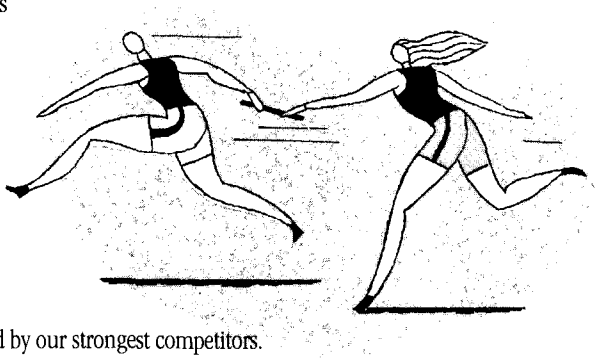

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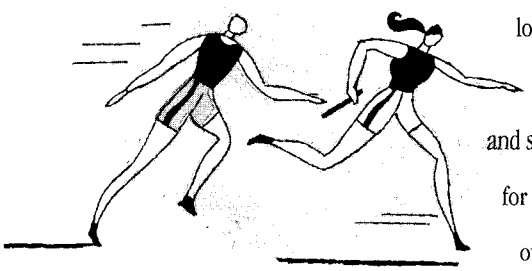

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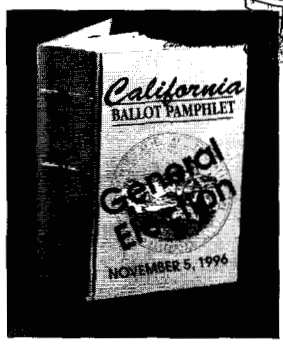

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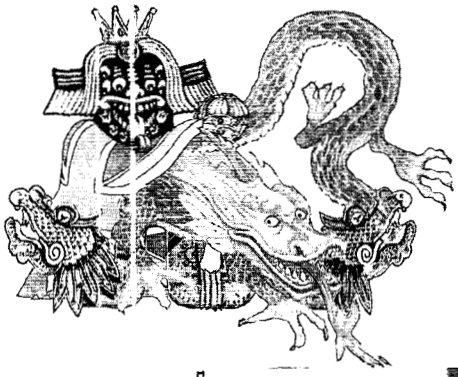
The GOP became the Assembly's top banana in 1995. To stay there, it has to repeat its 1994 electoral successes. To knock them off, Democrats need a repeat of 1992.
By A.G. Block

12 **Initiative wars**
For the past few years, voters have been spared having to deal with an initiative ballot the size of the Los Angeles phone book. But this November, a record number of such measures will appear once again on the election marquee.
By Steve Scott



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By John Borland

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Labor unions have seen their clout dwindle over the years as California struggled through a recession and the state's economic base began to change. But the changing work force also has provided an opportunity for labor to organize new groups of workers, with the promise of renewed political clout.
By Kathleen Les

40 **End of the Lucas era**
Chief Justice Malcolm Lewis retired this spring, bringing to a close a Supreme Court era that began with the ouster of his predecessor, Rose Bird. Did voters get what they bargained for when they voted Bird off the bench?
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Illustration by Norm Hines

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Upfront umbrage

Learning curve. When Democrats controlled the Assembly, the old Assembly Office of Research used to crank out tomes that analyzed the issues of the day, giving them a subtle twist designed to back — surprise, surprise — the Democrats' view of the world. Republicans now are in charge, and the old AOR has been done away with, replaced by operations run by each caucus. The GOP version is something called the Assembly Republican Caucus Office of Policy Research, which last month issued an analysis of the forthcoming anti-affirmative action (CCRI) initiative, set for the November ballot. But the GOP analysis was a little too much of a cheerleading effort on behalf of the CCRI. Democrats complained that the broadside, written by Cecil Kirk Hutson, was nothing more than campaign material produced at state expense. To his credit, Assembly Speaker Curt Pringle (R-Garden Grove) agreed and had Hutson's work pulled. About 100 editions were printed, and Republicans made an effort to retrieve those that already had been distributed. The piece will be reworked and made more impartial, said Pringle.

Curve this. Not every Republican agreed that the above CCRI analysis ought to be redone. For his part, Assemblyman Bernie Richter (R-Chico) saw nothing wrong with the original text — and nothing wrong with using taxpayer dollars to tout a measure being pushed by private interests. "There's no such thing as being impartial around here," Richter told the *Orange County Register*.

Bowlered over. In an interview on "Express," the local public-affairs program produced by Sacramento's public-television affiliate, Assemblyman Larry Bowler (R-Elk Grove) was asked to comment on the fact that California kids scored low on reading-skills tests. "They're dumb," said Bowler — a blunt and rather harsh assessment that means kids aren't capable of learning to read. Perhaps Mr. Bowler meant that the kids were "ill-educated."

Pay, period. The *Orange County Register* last month published the annual salaries paid for 57 jobs performed by various county employees. They ranged from an high of $140,000 for the county's CEO to a low of $24,384 for an "office technician." Eight of the 57 jobs pay more than $80,000 per year, while another 11 make between $50,000 and $79,000. Orange County teachers, on the other hand, weren't on the list. Had they been included, they would have been near the bottom, with an average starting salary of $24,000.

Chutzpah of the month. Goes to an old master — former Senator and Board of Equalization member Paul Carpenter, who recently asked a U.S. district judge in Sacramento to release him from prison on home confinement bail. Carpenter is serving a seven-year-plus sentence after being convicted — several times — in federal court of various felonies connected with the way he conducted his affairs as a public official. Following one conviction, however, the 68-year-old former lawmaker fled the country to Costa Rica where he remained a fugitive for 10 months before being extridicted back to the United States. Carpenter, who suffers from prostate cancer, said he fled to the Caribbean to seek more aggressive treatment for his illness. He currently is in federal prison in Lompoc while appeals of his convictions are working their way through the federal court system. His request for home confinement was, uh, politely declined by the court.

Grass-roots advocacy. Enter, into the world of friendly persuasion, the Foundation on Gambling Abuse, overseen by Maurice Hannigan, former head of the California Highway Patrol. According to *The Sacramento Bee*, the foundation is billed as "a coalition against casino gambling in California." Sounds like a group of upstanding, moralistic folks bent on keeping gambling in California to its current dull roar. But as *The Bee* reported last month, the foundation has a shaky, well, foundation. Seems the money behind the group comes from Nevada casinos, who don't care as much about gambling abuse as they do about the venue for that abuse. They dearly want it abused in Nevada. Astroturf, anyone?

Quebec south? The *Los Angeles Times* Poll last month released a snapshot on secession — the San Fernando Valley's attempt to break away from the city of Los Angeles — a notion being pushed in the Legislature by Assemblywoman Paula Boland (R-Granada Hills). The survey showed that residents of the area felt "shortchanged" by the city, but when it came to actually splitting off, support seemed tepid. Only 46 percent of those surveyed in the valley itself favored allowing pieces of the city to secede, 31 percent opposed and 23 percent had no opinion. When it came to the valley seceding, 43 percent of valley residents favored it, 35 percent opposed and 22 percent didn't know. The valley wasn't even the area of Los Angeles where valley secession received the greatest support — that came on the Westside, where the notion received a 53 percent favorable response. Is that because Westside residents are high on secession, or because they'd just as soon get rid of the valley? Poll doesn't say.

Duke. Duke. Duke. Former Governor George Deukmejian may have been one of the nicest people to serve in public office in recent memory. You might disagree with the Duke on policy issues, but those who worked closely with him during his tenure universally praise him as a dedicated public servant who looked out for his staff and expressed genuine concern for the welfare of ordinary Californians. But let's face it. If George Deukmejian was long on humanity, he was just a wee bit short on charisma — a deficit that the governor himself acknowledged on more than one occasion. That's why the recent push for Deukmejian to become Bob Dole's GOP running mate this fall exposes at long last the Republican

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Party's long-range strategy for the forthcoming presidential contest: It plans to put the electorate to sleep. Californians behind the maneuver include Senator Ken Maddy (R-Fresno) and former GOP Senator Bill Campbell, now president of the California Manufacturers Association.

State in a cage. According to *Harper's* magazine's "Harper Index," the chances that a Californian lives or works in a prison is 1 in 200.

Shades of Tom McClintock. Back during his previous incarnation as a legislator, former GOP Assemblyman Tom McClintock regularly lectured his colleagues — Republican and Democratic alike — over what he perceived to be their fiscal follies. Now comes the heir-apparent to McClintock: Assemblyman, uh, Richard Katz (D-Symlar)? The minority leader recently brought visual aids to a floor debate over GOP-sponsored bills, showing how much those measures would cost the general fund and complaining that Republicans had not identified a revenue source to pay the tab. So, now it really is true. Somewhere along the line, the Assembly entered a time warp which reversed everything. Next thing you know, some Democrat will accuse Curt Pringle of being an ayatollah.

"Nothing strengthens the judgment and quickens the conscience like individual responsibility."

— Elizabeth Cady Stanton

Rostrum letters

John Walton

Your article on the "Faces of Education" (see *CJ*, June 1996) contained incorrect data about John Walton. He is not "planning another voucher for November 1998." You are correct in asserting that "one of his deepest interests is education reform." John has put his vouchers on hold and wants to invest in the public school system through the charter-schools program. In addition to the Taxpayers for Better Education PAC, he has the School Future Research Foundation and The American Education Reform Foundation. John Walton funds parent empowerment and provides technical assistance to educators who are starting charter schools. He also gives scholarships to deserving students.

The educational leaders included in your article need to address the poor performance of the urban school system. When I worked with the education community to defeat Proposition 174, it was shattering to hear the horror stories of inner city parents who wanted anything over the status quo. Some of these organizations indicated then, that if the community voted against the voucher, they would susequently lead the campaign to improve urban children's educational opportunities. I have seen no evidence occurring for these forgotten children. So I feel priviledged to have the opportunity to work with John Walton and his executive, Gene Ruffin, on behalf of these children. We want to expand charter schools in poor performing districts that have a majority of low-achieving students. The foundations will help the citizens of the community set up and run a quality school.

The children we are focusing on are a majority minority. Ninety-nine percent of the "faces of education" in your article don't match those of the children. That does not excuse this elite leadership, however. They, too, should be ashamed of the plight of urban students. They should welcome John Walton's assistance and join him in his mission.

ALICE HUFFMAN
Sacramento

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The Assembly's

After 25 years as the foil, Assembly Republicans finally moved center stage after the 1994 elections. Now, they have to stay there, but that road leads through the 1996 elections where both sides have distinct advantages and disadvantages.

By A.G. Block

For California Republicans, 1994 deserves a special place in the scrapbook. That was the "year of the harmonic convergence" when a series of happenings — caused by savvy political decisions, hard work, events elsewhere and sheer good luck — created enough heat to melt the Democrats' 25-year lock on legislative power. The stage for this sudden reversal of roles was the Assembly, where Republicans managed to eke out the bare majority of 41 seats. And although control over the lower house didn't migrate into its hands until a series of speakership wars were settled in January 1996, the GOP eventually moved center stage for the first time in a quarter century.

Now they have to stay there. To remain in the spotlight and visit yet another debacle on Democrats, Republicans would very much like the 1996 elections to repeat the patterns set in 1994.

Deja vu would be just fine with Democrats, too, but they want to see *1992* all over again. That's the year Bill Clinton carried California en route to the presidency, Dianne Feinstein and Barbara Boxer went to the U.S. Senate and Democrats maintained healthy majorities in both houses of the Legislature. To recapture that glory, Democrats envision a harmonic convergence of their own.

Whose daydream will come true?

To set the stage, Republicans currently hold a 41-37 margin in the 80-member Assembly, with one seat in the hands of a Democrat-turned-Reformist and one seat previously held by a Democrat now vacant. In addition, one current GOP district is held by a renegade — former Speaker Brian Setencich of Fresno — whose recent spate of floor votes in league with Democrats bring his party loyalty into question should he be re-elected.

As usual, the battle for control of the lower house will not be carried out in all 80 districts. A quick look at the electoral map, in fact, shows that three-fourths of the Assembly is safe for one party or

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top banana

Illustration by Christopher

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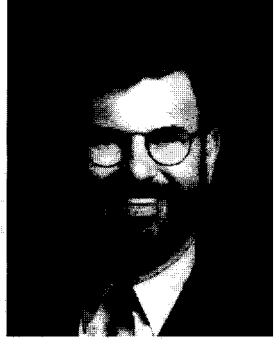

There are half a dozen people ... competing to be in a position to be leader in the fall. But that's a strength, not a weakness because it generates more money and energy. It motivates our folks.

— Richard Katz

the other, with Republicans controlling 31 and Democrats 29 relatively secure seats. Any of the remaining 20 districts could evolve into war zones or scenes of last-minute ambushes (see chart, page 11).

The election itself still is more than four months away, so crystal-ball gazing is fraught with risk. But both parties begin with certain advantages and disadvantages that should play across the state, and how well each side emphasizes the former and minimizes the latter ultimately will determine control over the lower house.

Four months from E-Day, Republicans seem to have advantages in fund raising, unified leadership and a larger number of returning incumbents in safe seats. Democrats, on the other hand, have what currently appears to be a stronger "top of the ticket" in President Bill Clinton and Vice President Al Gore, better positioning on several key initiatives (see story, page 12), a better relationship with a resurgent labor movement (see story, page 30) and — unlike 1994 — the luxury of *not* being associated with Washington's most unpopular personality. Back then, it was Clinton; today, it is House Speaker Newt Gingrich (R-Georgia.)

To date, money is the biggest arrow in the Republicans' quiver. And it could prove a huge weapon, for money has no equal in the political arena. An abundance of money allows Republicans to adequately defend vulnerable incumbents, attack vulnerable Democrats — and still have cash left over to cause mischief in a host of marginal districts, or even some now regarded as "safe" for Democrats.

How big is the advantage? Some GOP consultants estimate that Republicans will outraise Democrats by $2 million to $3 million by Election Day. And although Democrats dispute the exact margins, they concede that they will be dramatically outspent in 1996. To put this advantage in context, harken back to 1994, where Democrats outspent Republicans by as much as two-to-one — and still lost control of the house. Now, it is the GOP's turn to outspend the other guy, and that should be reassuring news for three of the caucus' most vulnerable incumbents: Peter Frusetta in District 28, Bill Hoge in District 44 and Steve Kuykendall in District 54.

For their part, Democrats acknowledge that they have the smaller bank account, but they insist the caucus will have the resources to be competitive where it needs to be competitive.

"We're not going to play in every seat, and there is a question how many places we can be competitive," said Assembly Minority Leader Richard Katz (D-Sylmar), who is a lame duck thanks to term limits. Katz said the money crunch will be eased somewhat in areas that will see a "stacking of races" — San Diego, the North Coast, Monterey, Long Beach and Pasadena — where competitive races for Congress and the state Senate also are taking place.

Katz also said the Democrats will be able to call on a cadre of well-heeled non-incumbents running in safe districts who have expressed a willingness to share resources. He specifically mentioned Kevin Shelley of San Francisco, Deborah Ortiz of Sacramento, Don Perata of Oakland, Rod Wright of Los Angeles, Bob Hertzberg of Sherman Oaks and Tony Cardenas of Mission Hills as prepared to throw around their money on behalf of the caucus.

Democrats, however, may not be able to employ one tactic that helped cash-strapped Republicans back in 1994. The GOP was able to borrow heavily during the final two weeks of the campaign to close the money gap at a critical moment. The borrowed cash — some $1 million — then was targeted into key districts, all of which were close and all of which were won by Republicans. But that option is dicey for Democrats in 1996, according to the man who signed his name to those GOP loans.

"In 1994, I knew two things for certain," said Assemblyman Jim Brulte (R-Rancho Cucamonga), who as minority leader orchestrated the GOP's 1994 electoral coup. "My leadership was secure after the election, and the worst-case scenario was that I was coming back with more Republicans in my caucus. Katz can't do that. He isn't coming back, so he isn't going to put his signature on that loan. And if someone else does it, there is no guarantee that the person borrowing the money will be elected leader. Structurally, the Democrats have put into place a leadership that cannot take financial risks going into an election."

More important than having the money is spending it effectively. To get the most bang for the buck, each side must manage the cash flow so that resources get to the right place at the

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right time. This talent is expecially critical if resources are limited. Republicans insist they are better at managing a restricted cash flow because they have had to do it for so many election cycles. They also point to the fact that GOP decision-making has been consolidated in the hands of one person — Assembly Speaker Curt Pringle (R-Garden Grove), while the Democrats have a lame-duck leader and as many as half a dozen incumbents jockeying to succeed him. Complicating matters is that cadre of moneyed non-incumbents seeking to parlay their bank accounts into political chits.

"It is a big disadvantage when money isn't centralized," said Richard Temple, a veteran GOP campaign consultant. "Democrats have never had to organize cash flow. When they needed money, they made a call to Willie [former Speaker Willie Brown Jr., now the mayor of San Francisco]. They have a big learning curve ahead. You win or lose elections by moving money around so that a critical piece of mail doesn't wait on a dock for five days, waiting for the postage check."

Which brings up the subject of leadership, another advantage cited for Republicans, although some openly fret about what they perceive as a sluggish effort to date. "There seems to be a lack of a plan," said one consultant close to the GOP caucus. "And so far, the senior staff seems not to be pulling all in the same direction."

Another Republican worried that Pringle's staff may be too inexperienced at running a statewide effort and could make mistakes as a result. "Pringle isn't using any of the people who engineered the '94 victories," said a GOP caucus member who asked not to be identified. "He doesn't seem to be talking to the consultants who got us those seats."

But most Republicans feel that Pringle will succeed. "He has been talking to the PACs, and he will pull it together," said Brulte. "Also, Pringle has a broader margin for error because of his money advantage. He could waste half a million [dollars] and live to tell about it. The Democrats won't."

And one of the GOP's key consultants said he's not worried about Pringle. "There is a difference in style between Brulte and Pringle," said Wayne Johnson. "Brulte wanted to know what is going on in every race, but Pringle is more strategic. He wants to get the supply lines and logistics in place and direct resources in a coordinated way." Johnson said that the caucus' election effort has "started to roll out" over the last six weeks. Johnson said he is particularly pleased with the way caucus resources are being handled. "Targeting is in hand," he said. "Research is happening in a systematic fashion. They know where the money is coming from and where it's going."

While Pringle maintains a firm hold on the Republicans' election effort, the Democrats at times seem more intent on squabbling among themselves. Much of what appears to be internal turmoil is a natural outgrowth of term limits, as several caucus members try to position themselves to succeed Katz. Among those mentioned as potential successors are Democrats Cruz Bustamante of Fresno, Wally Knox of Los Angeles, Sheila Kuehl of Santa Monica, Carole Migden of San Francisco, Louis Caldera of Los Angeles and Kevin Murray of Los Angeles.

Democrats downplay the discord. "There are half a dozen people ... competing to be in a position to be leader in the fall," said Katz. "But that's a strength, not a weakness because it generates more money and energy. It motivates our folks."

His sentiments were echoed by Bustamante, whose name surfaces in any conversation about a potential successor to Katz. "Democrats have always ... had more conflict on our side," he said. "As a result, we are better conflict managers. We know that if you don't have the pie, you can't split it. We are going to have to make hard, tough decisions, but they will be made and they will be made on behalf of the caucus and not on behalf of any individual." He warned, however, that continued turmoil could lead to disaster.

Katz insisted that it will ultimately be his responsibility to allocate resources, but others worry that as a lame duck, he may no longer carry a big enough stick and that the turmoil could get out of hand. "To the degree that their efforts are not coordinated, money will be badly spent," said Gale Kaufman, a Democratic campaign consultant who ran former Speaker Willie Brown Jr.'s election machine. "Without strong leadership, people go off in too many directions, and races that could be won are ignored." Kaufman said it is unclear at

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this point if anyone can pull the caucus together, but she emphasized that Katz "needs to be the man."

Some observers, however, see evidence that the tug-and-pull inside the Democratic caucus already has caused some mistakes that could prove costly come November. They point, for example, to the Democrats' failure to run any candidate in Setencich's district. Setencich himself was defeated in the primary by a conservative with connections to Pringle and other Orange County Republicans. He must now run as a non-affiliated write-in.

If Democrats want to make a run at Hoge, that's fine. Then, they can't go after Frusetta. And maybe they can't even defend Bowen.

— Jim Brulte

On a more sensitive subject, they note that Latinos in the Democratic caucus poured their weight behind two candidates who then won primaries but may have trouble in November. For instance, in District 56, being vacated by Assemblyman Phil Hawkins (R-Cerritos), Democrats nominated Sally Havice, a Latina in a district that has not been kind to minorities over the years. Back in 1986, in an old district that takes in part of the same territory, Democrats nominated Ed Waters, son of then-Assemblywoman, now-Congresswoman Maxine Waters (D-Los Angeles). Waters, a black, lost the race to Republican Paul Zeltner despite a 65 percent to 27 percent Democratic registration edge. Zeltner lasted one term before being ousted by Democrat Bob Epple, who is white.

"Nominating an Hispanic woman in [District 56] was stupid," said one veteran political watcher who spoke on background. "That is a blue-collar district not sympathetic to women in the first place. The Latinos played politics trying to elect a Hispanic female, and that was good for their part of the caucus but not good for the party. The same could be said for the nomination of Lily Cervantes in Frusetta's district."

Nonsense, say Democrats, who point out that Harvice already has a track record in the district as an elected school trustee. "There will always be a racist vote in some communities," said Democrat Grace Napolitano, whose district borders the 56th. "But there also has been a positive response to her as a candidate in the white community."

Although Democrats have problems with money and internal turmoil, they also have certain advantages over 1994. One involves the fact that 1996 — like 1992 — is a presidential year where voter turnout traditionally is higher than in non-presidential years. To illustrate what it means for Democrats, Katz is forever comparing turnout in 1992 with 1994. According to Katz, 1.8 million Californians voted in 1992 but not in 1994 — and 1.4 million of them were Democrats.

"That's a net loss of one million voters," said Katz. "We lost the majority by 1000 votes spread over two seats. For us, the difference between 44 seats and 39 seats was a total of 10,000 votes. If we duplicate the '92 turnout, we win."

Republicans, however, say that turnout does not necessarily work to Democrats' advantage. "The Democrats are using data for an election where we didn't show up," the GOP's Wayne Johnson said, referring to '92 numbers. "The national party [President George Bush] pulled out of California in April, and they took their phone banks and their ground operation. That's not going to happen now."

Brulte added that turnout traditionally favors incumbents — and that a majority of incumbents are Republican. But the former GOP leader, himself a candidate for the state Senate, said that the top of the ticket proved a huge advantage for Republicans in 1994, when Republican Pete Wilson stomped Democrat Kathleen Brown in the race for governor. By most accounts, the top of the Democrats' ticket is far ahead in California polls, although Johnson insisted that President Clinton's poll numbers are "soft."

For Republicans, the main worry is whether there will be a top-of-the-ticket effort in California at all in 1996. The putative nominee, Kansas Senator Bob Dole, has promised an aggressive campaign, but strapped for cash and faced with battling an incumbent across 50 states, many Republicans fret that the national ticket will pull out of California as it did in 1992. Others, such as veteran GOP consultant Tony Quinn, co-editor of the California Target Book, say that party loyalty to the local candidate is more important for Assembly races than the top of the ticket. Republicans also must worry that Democrats will lash the GOP to another national figure who is not on the California ballot at all — Gingrich. His name already has surfaced in Democratic rhetoric, such as when Katz refers to the "Gingrich-Pringle" agenda when discussing how Democrats plan to attack

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the GOP on the issues.

Issues, in the form of ballot initiatives, may also benefit Democrats this fall. The November ballot promises to be jammed with measures, some high charged and dealing with minimum wage and affirmative action. "As economic wedges," said Katz, "we're talking corporate special interests against working people and retired people. Republicans identify with corporate America; Democrats with working people. This cuts our way."

Republicans acknowledge that the initiative wars could hurt if traditional Democratic constituencies such as labor and minorities are energized and go to the polls. "The issues are cutting against Republicans, public relations-wise," said veteran GOP consultant Ray McNally.

And Brulte warned that sentiment on ballot initiatives is just the opposite of 1994, when Proposition 187 and a "three-strikes" initiative gave a boost to Republican turnout. This year, he said, the "initiatives probably will drive Democratic turnout." He also warned that the affirmative-action initiative is loaded with risk for his party. "Those Republicans who expect [the California Civil Rights Initiative] to be the new version of Proposition 187 will be sadly mistaken," he predicted. "Prop. 187 didn't have a gender bias, and if white Democratic men oppose CCRI, and Republican women oppose it," it will hurt Republican candidates who back the measure.

On the ground, most Republicans already concede the loss of one seat — District 27, where Assemblyman Bruce McPherson is running for the Senate and likely will be replaced by Democrat Fred Keely. They also are worried about Frusetta, Hoge and Kuykendall. Democrats concede that two of their incumbents — Debra Bowen of Venice and Susan Davis of San Diego — are in for very tough and expensive fights. Another pair of open seats now held by Democrats also are in jeopardy — District 78 in San Diego, now held by Dede Alpert; and District 26 in the Central Valley, now held by Sal Cannella.

But the final tally will be written in greenbacks. "If Democrats want to make a run at Hoge that's fine," said Brulte. "Then, they can't go after Frusetta. And maybe they can't even defend Bowen."

Republicans, on the other hand, have no such worry. They seem to be able to play everywhere.

A dozen hot spots [so far]...

District	Incumbent*	Democrat	Republican
AD 1	**Hauser (D)***	**Strom-Martin**	**Handley**
Registration favors Democrats, but the area is torn between environmentalists and timber and also features a stormy and very expensive congressional race.			
AD 17	**Machado (D)**	**Machado**	**Minnick**
Machado was strengthened by a failed recall last year, but the GOP had this district until 1994 and, with lots of money, may try to get it back.			
AD 26	**Cannella (D)***	**Cardoza**	**Berryhill**
A traditional Democratic Central Valley district, Republicans think they have a terrific candidate in Tom Berryhill, son of the late Clare Berryhill.			
AD 28	**Frusetta (R)**	**Cervantes**	**Frusetta**
Peter Frusetta is high on every Democrat's hit list because registration here favors Democrats and he won by less than 1000 votes in 1994.			
AD 30	**Setencich (R)**	**None**	**Prenter**
Setencich got himself ambushed in the primary but still has $160,000 in the bank and is raising more money. He has to run as a write-in.			
AD 44	**Hoge (R)**	**Scott**	**Hoge**
The numbers all look as though Bill Hoge ought to win an easy re-election, but he has accumulated some political baggage and Democrats think they have a superb candidate in community college president Jack Scott.			
AD 53	**Bowen (D)**	**Bowen**	**Walker**
Republicans feel they never should have lost this seat to Bowen in the first place, but they kept shooting themselves in the foot by nominating candidates too conservative for the district. Now, they have a moderate, and Bowen is perhaps the GOP's number-one target.			
AD 54	**Kuykendall (R)**	**Schipske**	**Kuykendall**
Incumbent Steve Kuykenall won this seat in 1994 after Philip Morris, the tobacco conglomerate, pumped $100,000 into his campaign at the last moment, allowing him to upset a Democratic incumbent.			
AD 56	**Hawkins (R)**	**Havice**	**Lambros**
Some think Democrats blundered by nominating an Hispanic in an area not always kind to minority candidates. Registration slightly favors Democrats, however.			
AD 69	**Morrissey (R)**	**Correa**	**Morrissey**
This seat once served as the Democrats' only inroad in Orange County. But Morrissey took it away in '94, despite a 20-point Democratic registration edge and many Latino voters. Democrats want it back.			
AD 76	**Davis (D)**	**Davis**	**Trettin**
Registration here is a dead heat, but Democratic women have proved to be excellent candidates over the years throughout San Diego. Democrats were delighted when conservative Bob Trettin won the GOP nomination. Davis beat him in '94, despite the GOP tide.			
AD 78	**Alpert (D)***	**Wayne**	**Hunter**
Democrats have held this district for a long time despite a GOP registration edge. Both sides are poised to pour a lot of money in this fall in an area with very competitive races for both Congress and the state Senate.			

*** Termed out**

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Ballot

After six lean years, the initiative is back with a vengeance in California. But does it represent a new burst of civic responsibility or just another special-interest binge?

by Steve Scott

No history of California politics over the last three decades would be complete without a place of honor for that most common of household items, the ironing board. At certain times of the year, it's nearly impossible to walk into a supermarket or shopping mall without seeing one, usually attended by an earnest-looking, if somewhat hyperactive signature hound. Sturdy enough to provide backing for petition signers, the ironing board's folding action also provides portability—crucial for making quick escapes from the hectoring of frustrated merchants.

No doubt about it: The initiative process is probably the best thing to happen to the ironing-board industry since ... well, since the iron.

This year, they'll be raising toasts to Hiram Johnson and the citizen initiative wherever ironing boards are made. As of this writing, signatures had been submitted on 14 ballot initiatives, of which 10 have already been certified. If the rest qualify as expected, the total would tie the record for initiatives on a single ballot. The characteristically-eclectic subject matters range from affirmative action to campaign reform, attorneys fees to the minimum wage (see list, p. 18). Add to these any bond measures and constitutional amendments placed before voters by the Legislature, and you have the makings of a banner year for direct democracy.

"It could be one of the biggest ballots ever," said Kelly Kimball, whose Kimball Petition Management is one of the state's top signature-gathering operations.

The plethora of propositions represents something of a comeback for the initiative process, which was witness to one of the more stinging examples of voter backlash in recent memory. It began in November of 1988, when voters were forced to referee a $100 million special-interest war between the insurance industry, trial lawyers, and consumer groups over auto insurance reform. The only survivor of that war, Proposition 103, remains tied up in legal and regulatory wrangling.

Two years later, in November 1990, voters were asked to decide on a near-record 29 ballot measures, of which 14 were placed there by "the people" through the gathering of petition signatures. Political consultants, public-relations firms, signature gatherers, and media outlets all made tidy profits from this glut of pseudo-populism. But when the votes were counted, it became clear that citizens were rebelling against the "citizen initiative." Only three of the 14 initiatives were

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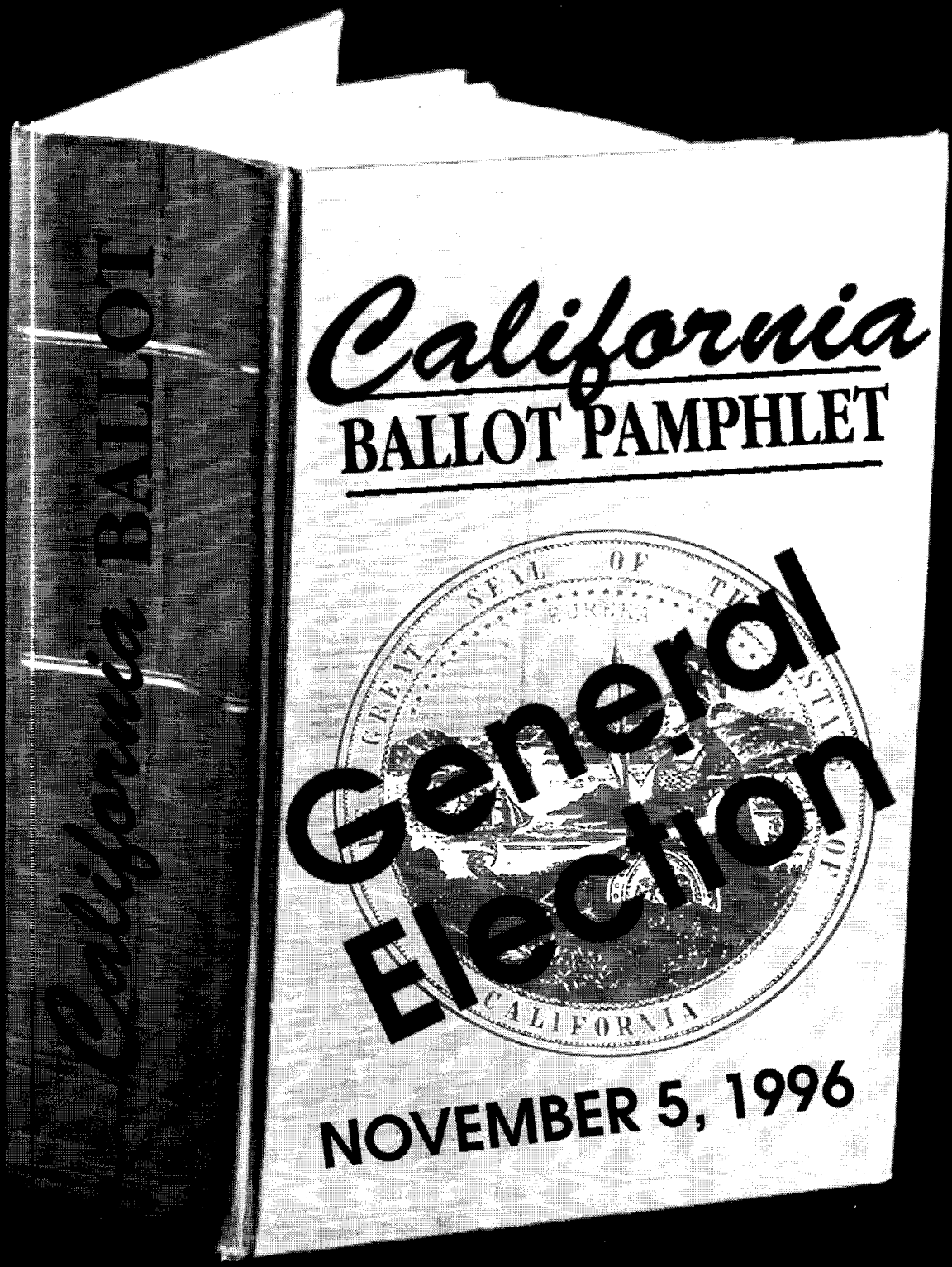

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successful. One of the success stories — the term-limiting Proposition 140 — passed by only four percentage points despite earlier polls showing it winning in a walk. Voters also ditched all but two of 10 bond measures and even rejected some relatively-innocuous legislative proposals.

> Voters became more and more frustrated at the length of their ballots. The more decisions we pile onto those ballots, the less confidence voters will have in their ability to make informed choices.
>
> —Kim Alexander, California Voter Foundation

"Voters became more and more frustrated at the length of their ballots," said Kim Alexander, director of the non-profit California Voter Foundation. "The more decisions we pile onto those ballots, the less confidence voters will have in their ability to make informed choices."

That 1990 was a chastening experience for initiative moguls was confirmed less than two years later when nary a single petition-supported measure made the June 1992 ballot. Over the next three years, including a special statewide election in 1993, there were a total of only 14 citizen initiatives — exactly the number that had appeared on the November 1990 ballot. Those that did find their way to voters' attention discovered that the road to passage had gotten tougher. Only about one in three initiatives was approved, well below the nearly 50 percent that passed during the decade leading up to 1990. Things were so bad that Kimball's company — one of the pioneers among professional signature-gathering consultants — pulled out of California altogether in 1994 and concentrated its efforts on other states. "We expected California to shrivel up and blow away as far as the initiative was concerned," said Kimball.

The first signs of a comeback came in November 1994, when Propositions 184 (Three Strikes) and 187 (illegal immigration) not only passed, but helped drive national debate on the subjects of crime and immigration. This year's March primary included a good old-fashioned special-interest shootout over tort reform, as an alliance made up largely of business interests put forth a package of three initiatives. The fight over Propositions 200, 201, and 202 was reminiscent of the 1988 insurance war, as trial lawyers lined up against business. Though not as expensive as 1988, the combined campaigns on all sides did chew through upwards of $25 million and all three went down to defeat.

Even as the March campaign was still gearing up, it was quickly becoming clear that November could be a record breaker. Although most of the attention centered around the anti-affirmative-action California Civil Rights Initiative (CCRI), literally dozens of measures were in circulation, including multiple proposals on the same topic. Three on lawsuits, two on campaign reform, two on HMO regulation, two on taxes, and an assortment of others on gambling, marijuana, competitive bidding, and the minimum wage. Suddenly, no significant retail portal could be passed without an encounter with some metabolically-enhanced entrepreneur juggling clipboards.

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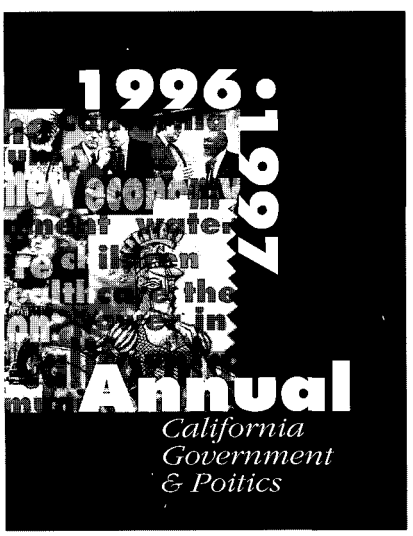

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Why the sudden surge? In the case of a few proposals, the upswing is a function of a renewed attractiveness the process holds as a tie-in to the candidate elections. The 1990 debacle included three measures placed on the ballot by failed gubernatorial candidate John Van de Kamp. The failure of Van de Kamp and his proposals, and the 1992 defeat of Governor Pete Wilson's welfare and budget reform initiative (Proposition 165) left initiatives somewhat discredited as a partisan strategy. But Propositions 187 played heavily in Wilson's 1994 re-election, and this year's crop includes not only the Wilson-backed CCRI but a drunk-driving tort-reform measure sponsored by Insurance Commissioner Charles Quackenbush.

"I'm surprised it's not used by more elected officials," said Michael Arno, who heads American Petition Consultants, the state's other main initiative-signature consultant. "There are no restrictions so [a candidate] gets to push all this stuff with no limits."

The explanation most often proffered for any spike in the number of initiatives is that the Legislature isn't doing its job. Indeed, many of the issues which are at the center of the November ballot have been rejected by the Legislature. In some cases, such as three-strikes-you're-out, tort reform, campaign-finance reform and casino gaming, proposals were bottled up for years, sometimes never even being brought for a vote. "We've been at the Legislature for years with no result," said Ruth Holton of Common Cause, which is co-sponsoring one of two campaign-finance reform initiatives on the ballot.

"There is a direct relationship between the number of initiatives and how well the Legislature is doing its business," said Alexander.

Some argue, though, that it's not so much a question of whether the Legislature is doing its business but for whom it is doing its business. Kimball believes the passage rate of initiatives is a better indicator of Legislative inaction than simply taking a ruler to the ballot. "It may just be that the Legislature isn't doing its job as far as the special interests pushing the initiatives are concerned," Kimball said. Not surprisingly, legislative leaders are loathe to accept responsibility for the ballot boom. "Usually [a surge in initiatives] means we're doing our jobs and turning down ill-advised proposals that are little more than special interest efforts," said Senate President Pro Tem Bill Lockyer (D-Hayward).

It may be, of course, that there is no explanation for the recent surge. "Coincidence," is Lockyer's take on the boomlet. Kimball says he's not sure exactly what prompted the turnaround. "I guess you just had a lot of issues that decided that this is their year." Some experts suggest initiatives just run in cycles — a matter of the pendulum swinging back the other way. "We saw that the crushing wave of defeats in 1990 was a disincentive," noted media consultant Leo McElroy. "That's kind of worn off so the cycle's back on the upswing."

Whether it's driven by political opportunism, legislative inaction or coincidence, the new initiative craze has much in common with 1990, as well as with previous, much-publicized initiative wars. Like most of their recent predecessors, this year's crop all required at least some professional help and a not-insignificant amount of money in order to qualify. "It's become very difficult to achieve qualification without expen-

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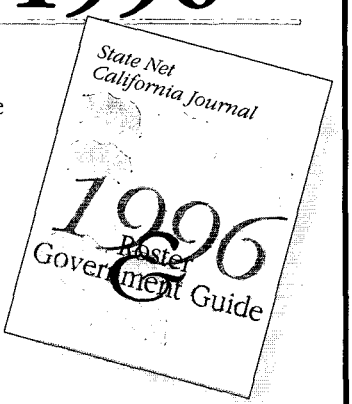

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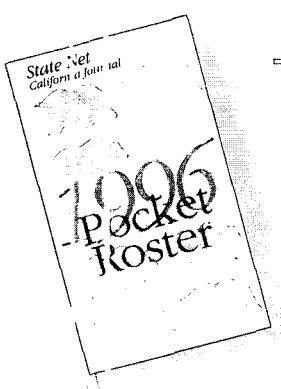

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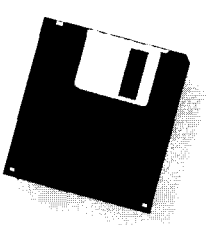

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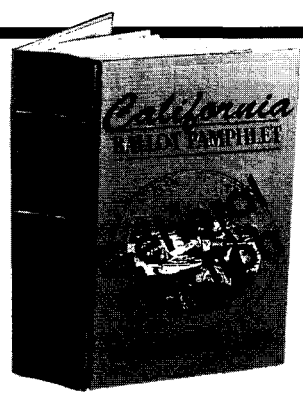
diture of about a million bucks," said McElroy. "You can't do it grassroots alone." This year's group is also flecked with proposals from organizations that lobby heavily in Sacramento. Labor unions, the trial lawyers, health-care providers, tax organizations — all are weighing in with proposals that they couldn't achieve legislatively. And, as with any long ballot, there is no shortage of hot buttons waiting to be pushed. For conservatives, the wedge issue *du jour* is affirmative action. For liberals, it's increasing the minimum wage. Both have already made an impact on the GOP and Democratic national campaigns, and when presidential candidates Bill Clinton and Bob Dole come west trolling for votes, they can expect to hear more about them.

While there is considerable symmetry between this year and past years, 1996 also has some new and interesting twists. For one thing, more of the big players seem to be coming from the port side of the political ship. With the exception of CCRI and one or two others, most of the initiatives lined up for November were generated by labor unions, consumer groups, public-interest organizations, and trial lawyers—all generally considered to be part of the Democratic constituency. One reason for this swing could be the recent shift in power in Sacramento to the GOP. "Republicans are not on the outs anymore," said Arno. "You see them taking care of their business in Sacramento." Another possible explanation is the development of Voter Revolt, of Proposition 103 fame, as a major player in the business. Since parting ways with co-founder Harvey Rosenfield, Voter Revolt has become an aggressive competitor, circulating eight measures this year. Their involvement with this year's business-backed tort initiatives notwithstanding, Voter Revolt generally operates from the center leftward.

Just as intriguing as the number of issues are the battles shaping up between people on the same side of an issue. In the past, counter-initiatives have generally been the creations of people who oppose the underlying premise of a ballot measure. This year, though, the nastiest fights seem to be those where would-be allies have turned on each other. Two labor unions—the California Nurses Association and the Service Employees International Union—are squaring off with competing reforms of health maintenance organizations. Even more puzzling is the "battle of the do-gooders" over campaign-finance reform, pitting perennials Common Cause and the League of Women Voters against the California Public Interest Research Group (CalPIRG). The basic structure of both the Common Cause and CalPIRG initiatives are similar, with the differences occurring largely in degree and approach. The groups even spent months trying to work out differences before splitting over the question of how to structure spending limits. The apparent similarities have not, however, stopped the combatants from approaching their feud with the zest and tartness of experienced campaign spin doctors.

It's hard to say exactly what is motivating these internecine conflicts. From the outside, they look to be more a function of institutional rivalry, financial competition, and personal ego than any irreparable policy rift. "It's the same kind of thing we see in partisan politics," said McElroy. "A greater concern for organizational power than for service to the public." But whatever is driving the squabbles, many on the peripheries view them as pointless. In some cases, these contests even

A Lot To Choose From



Initiatives qualified or pending qualification for the November ballot

Affirmative Action: First on the ballot and likely the most incendiary of the lot, the California Civil Rights Initiative bans affirmative action in state and local government programs. A likely wedge issue for Republicans in the fall campaign.

Campaign Reform 1: Backed by an unusual coalition bookended by Common Cause and Ross Perot's United We Stand. Limits size of individual and PAC contributions, institutes voluntary spending limits and sundry other provisions.

Campaign Reform 2: Competing measure lower on the ballot backed by consumer group CalPIRG and much of organized labor. Smaller contribution limits than Common Cause measure and spending limits are mandatory. Labor PACs would be allowed to give more.

Frivilous Lawsuits: Holdover from March primary battle over tort reform sponsored by state's trial lawyers. Measure revises and extends existing law on frivilous suits and expressly bans limits on attorneys fees.

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help the opposition, allowing them to sow uncertainty among voters.

"Any two groups that do the same concept do themselves a disservice by not getting together," said Kimball. "More than one initiative on the same subject will tend to confuse the voters."

If recent history shows anything, it is that a "confused" voter is likely to be a "no" voter. Most initiative consultants, regardless of their political leanings, will tell you it's much easier to be working on the "no" side of an initiative than on the "yes" side. A recent Field Institute review of its initiative polling since 1978 is illustrative: In almost every case, a measure that was even or behind in its first Field Poll was ultimately defeated. And even among those that polled favorably early on, the passage rate is only about 50-50. "The natural progression is [for initiatives] to start out ahead, but most of the initiatives we track fade over time and eventually fail," said Field Institute director Mark DiCamillo.

"The 'no' side doesn't have to prove anything," said Tom Proulx, one of the organizers of the unsuccessful tort-reform effort this past spring. "The 'yes' side has to prove its case. All the 'no' side has to do is create doubt."

Any initiative that avoids an organized opposition campaign has a leg up on success in the initiative process. But the real mantra of successful initiatives is, to borrow a phrase, "keep it simple, stupid." The general consensus among experts is that the most successful initiatives are the easiest to understand. This past March, as the complicated tort-reform trio was going down to high-profile defeat, one potentially far-reaching initiative snuck in virtually unnoticed—the open primary. Simple in concept and design, Proposition 199 struck a chord with frustrated voters and without a concerted opposition campaign, won going away.

"The only measures that passed [in 1990] were the shortest measures," noted Alexander. "Gill nets, term limits, inmate labor — the text of each one was one page. One thing proponents got out of 1990 was that the more complex an initiative is, the more likely it won't pass."

With the deck stacked so effectively against large and complex initiatives, it's a wonder anybody bothers with them at all. Yet, they keep coming — Common Cause's Holton estimates spending on this year's initiatives could rival the $100 million-plus spent in both 1988 and 1990. For some, the lure remains the chance they might be able to get their special-interest wish-list enacted without all that pesky compromising in the Legislature. For some, it provides the rush of campaigning without the intrusion and humiliation of partisan politics. And for a few, it can even be a genuine safety valve for the redress of legitimate grievances unmet by the Legislature. Whatever motivates participants, one thing is clear — for all of its faults, the initiative process is still often the most interesting and thought-provoking part of any election year. It would seem that as long as there are consultants, special interests, egos, ideas, and ironing boards, there will be initiatives.

"We're taking issues ... and allowing people to get into the middle of the debate," said Arno. "That is what direct democracy is all about."

Shareholder Lawsuits: Another reaction to the March tort battle. Essentially a wish-list for plaintiffs and their lawyers in class-action shareholder lawsuits. Sponsored by San Diego securities lawyer Bill Lerach, it will attract national money on both sides.

Minimum Wage: The Democrats' wedge issue of the year. Backed by organized labor, the initiative would boost the state minimum wage from $4.25 to $5.75 an hour. Would give state higher minimum than proposed national rate of $5.15 an hour.

Assessment Districts: One of Howard Jarvis Taxpayers Assn.'s periodic initiatives to extend Prop. 13. Measure would give property owners more clout to block the creation of new local tax-assessment districts.

Drunk Driver Injury Awards: Limits the amount of damages in personal injury cases that can be awarded to drunk drivers, uninsured motorists, and felons. Sponsored by state Insurance Commissioner Charles Quackenbush.

HMO Regulation 1: Considered the more stringent of two initiatives to regulate health maintenance organizations. Institutes a variety of new restrictions on HMOs and imposes a tax on them. Backed by California Nurses Association and Proposition 103 co-author Harvey Rosenfield.

HMO Regulation 2: Also sponsored by a union, in this case the Service Employees International Union. Contains many of the same provisions as above, but does not impose a tax. Insurers expected to oppose both measures.

Medical Marijuana: A veteran of statewide ballots, having appeared on other occasions in roughly the same form. Would legalize marijuana for use in pain relief and other specific medical circumstances.

Palm Springs Gambling*: The product of a furious last-minute push, the measure would authorize casino-style gaming in Palm Springs and trigger creation of a state gaming commission. Could have statewide impact on expansion of Indian gaming.

State Contracting*: Another union-backed measure, aimed at limiting the ability of the state to contract out for services. Supported by the union which represents professional engineers in Sacramento.

Tax-the-Rich*: Another union-backed proposal, this initiative would reimpose the 11 percent top tax bracket imposed in 1991 and repealed last year. It's prime motivator is Sacramento tax activist Lenny Goldberg.

* Still awaiting formal certification as of this writing.

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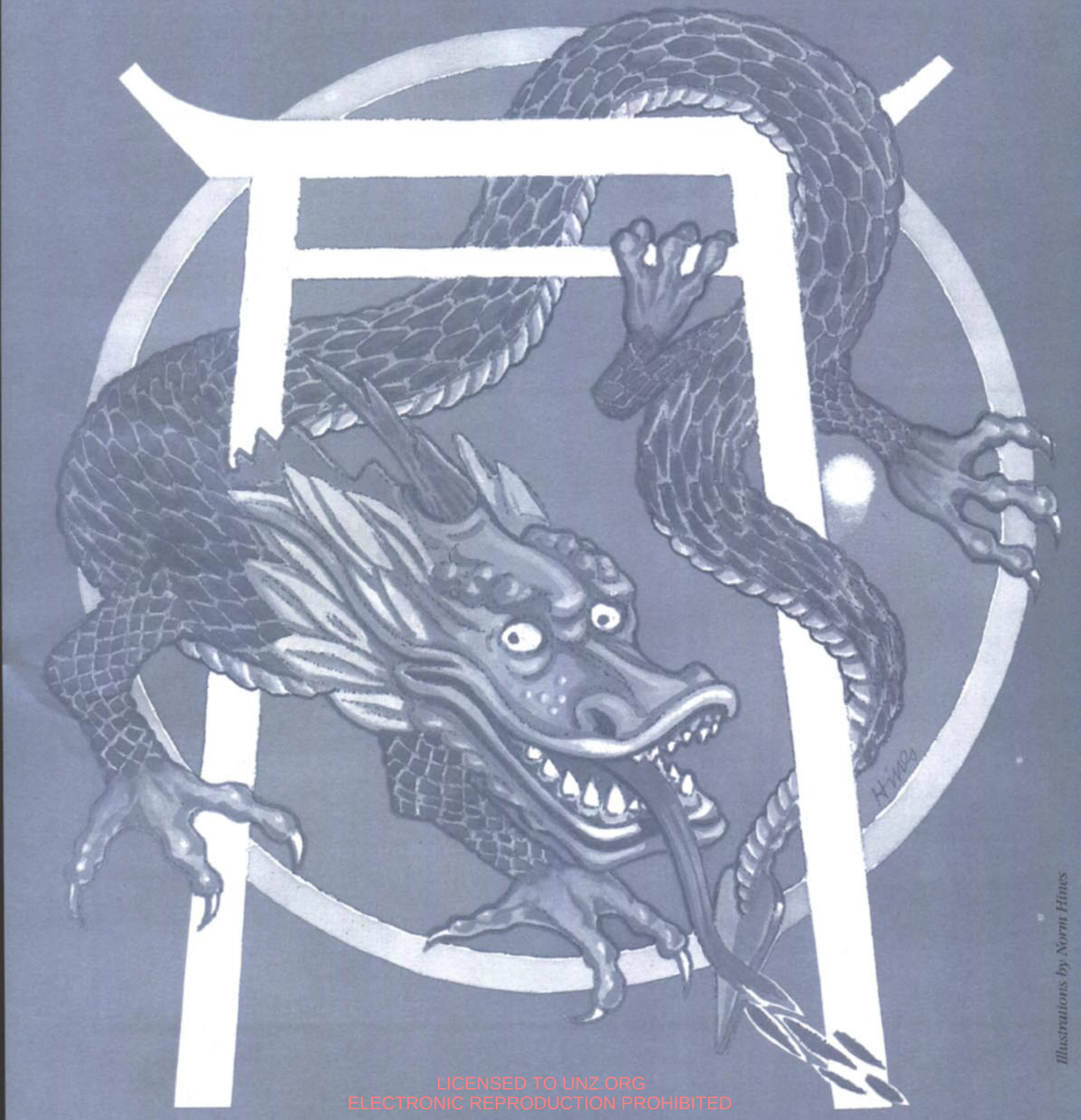

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Promise

Asian markets hold enormous potential for California's economy. But as with any venture into foreign waters, this, too, is fraught with potential dangers.

By John Borland

Sunset lovers be warned: As far as California is concerned, the sun nowadays is rising in the West.

It is the work of a state guardian spirit indifferent to natural disasters but who is intensely interested in providing the state every possible economic advantage. To this end came a gold rush, an El Dorado of Pentagon and defense contractors' checks, and now — after an admittedly painful recession — a leading role in the Pacific Rim's version of the Midas story. The state is a natural thoroughfare for westbound U.S. exports and imports from anywhere along the Pacific Rim. It is home to Silicon Valley and Hollywood, and the recent bounce back from recession has been led by high-tech industry and exporting — just the ticket to success in technology-hungry Asian markets. "We view international trade as a critical component to the California economy," says Lloyd Day, an assistant secretary in the state's Trade and Commerce Agency, noting that 70 percent of this trade is with the dynamic Pacific Rim economies.

But this rosy picture is no happily-ever-after guarantee. Asia's recent history of phenomenal growth and regional stability is relatively short when compared to the hundreds of years of wars and national rivalries that have dogged the region. Tensions

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between countries don't quite qualify as a lighted fuse today but could blow up sometime in the near future. Another extreme could find the peaceful, growing region turning its attention inward, forming a NAFTA- or European Union-like trading bloc with the U.S. on the outside. Foreign trade tensions and workers' fears of domestic job loss already have combined to set American protectionist sentiments at a high simmer. And even on the home front, California's perpetual place at the national forefront of high-tech industry is far from assured.

The story is by now a familiar one: A handful of Asian economies that were no more than global afterthoughts a generation ago have transformed themselves into the engines set to drive a widely predicted "Pacific century." Thirty years ago, Japan was the only Asian economy worth mentioning seriously; most of Southeast Asia was mired in poverty or in the midst of war, Korea was still recovering from its own years of civil war, and China was still firmly opposed to capitalist encroachment past its communist borders.

Today, Japan is one of the world's biggest economies, the "four tiger" nations — Hong Kong, South Korea, Singapore and Taiwan — have rocketed to wealth and prosperity, and a third wave of countries appears to be stepping into whatever fast lane was used so effectively by their predecessors. The level of growth has been phenomenal by western standards: China's economy has grown nearly 10 percent a year since 1985, Thailand, Singapore and Taiwan have hovered near 8 percent a year over the same period, and several others have all been near 6 or 7 percent. Most developed nations, by contrast, have averaged an anemic two to three percent growth.

Much ink has been spilled dissecting the sources and potential life span of this growth, but even the pessimistic analysts agree that for most of the strong Asian economies, it is likely to continue at levels well above that of the United States or other Western nations for some time to come. This is a prospect that makes exporters, at least, salivate. The figure of one billion middle-class Asian consumers by the year 2000

The "other" Pacific Rim: Latin America

By Bob Schmidt

California exports to eight of the nine Pacific Rim countries south of its border increased substantially in 1995, the last year for which complete figures are available. Unfortunately, the one country to which the state's exports declined was Mexico, the state's fourth largest trading partner after Japan, Canada, and South Korea. Nevertheless, says Lloyd Day, assistant secretary of the state Trade and Commerce Agency, there is good reason to be optimistic about California's trade future with Mexico and with the Latin American nations on the Pacific Rim in particular.

"First of all," he said, "the decline in our exports to Mexico in 1995 was only $300 million from the 1994 figure. That's minuscule, considering that our export total to that country exceeds $7 billion. Other states fared much worse than we did. Secondly, there are very positive signs that Mexican consumers, and also foreign investors, have re-gained their confidence in Mexico's economy."

The state sent $7.4 billion worth of goods to Mexico in 1995. That was down from the $7.7 billion figure for 1994, but a healthy increase over the $6.5 billion total for 1993. Day attributed the drop in California exports to its southern neighbor last year to that nation's economic problems and unstable political situation. His conclusion was supported by Tom Leiser of the UCLA Business Forecasting Project.

"There was expected to be a substantial increase in trade with Mexico when NAFTA was approved in 1994," said Leiser. "It didn't happen, but I think NAFTA had virtually nothing to do with it. There was a huge change in the Mexican economy because the country was over-extended in a number of ways. There was a crisis of confidence in the government and a market crash, followed by pullouts of huge amounts of investment money. It's taking a long time for the country to recover."

There is still substantial reason to be optimistic about NAFTA's impact on Mexico and its trade with the United States, Leiser said. "NAFTA was intended to be a long-term project, not a quick fix," he said.

Efforts to include Chile — and eventually, all the Americas — in the free-trade agreement have temporarily been shelved. But economists and business people are still pushing for its expansion. "Any reduction in trade barriers is to our interest," said Day. "We've already seen a tremendous

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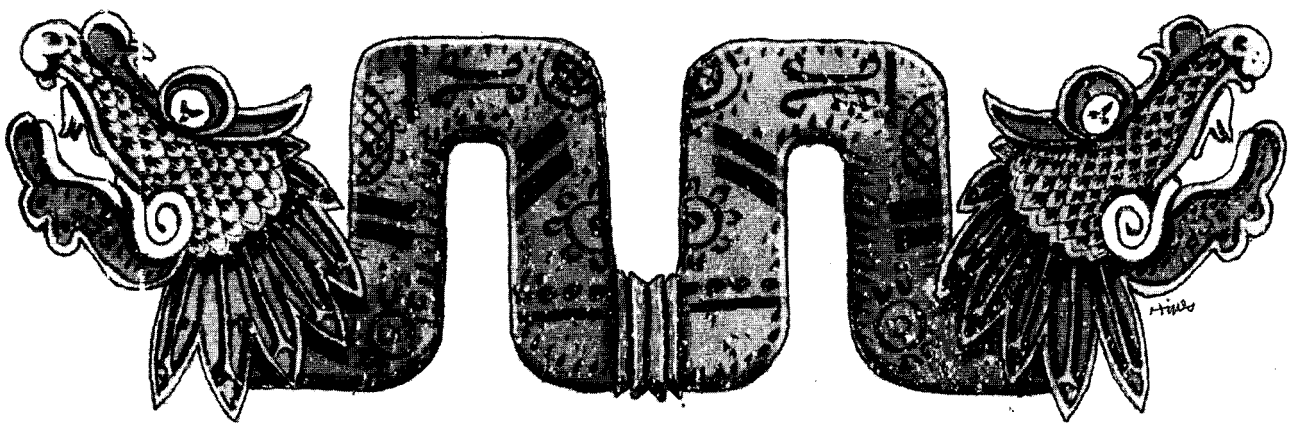
is often thrown around Pacific Rim circles, translating into purchases of cars, TVs, computers and software, movies and video games and the mundane consumer items found on every grocery store shelf.

"Practically every Asian country is now rich enough that the continent as a whole is in the early stages of the biggest consumer boom in history," writes Jim Rohwer, a Hong Kong bank executive and former editor for *The Economist*, in a recent book assessing the region's growth.

Complementing this consumer explosion is a need for large-scale infrastructure projects in the region. The last two decades' growth has been attributable at least in part to national savings rates astronomical by recent Western standards. But this has come at the expense of extremely low government spending, and for many countries, continued modernization will require better roads, better utility systems, and the basic wiring that allows computer industries to flourish. This, too, is good for California business, says University of Southern California international relations professor Jonathan Aronson. "I imagine there will be some fairly stiff competition in the infrastructure business," he says. "Where we still have the edge is on the really big projects," he adds, citing companies like California's Bechtel.

All of this appears to be tailor-made for a California that is speeding from a defense focus to an export-oriented economy. The state's manufactured exports are concentrated in the high-tech areas: computers, electronic equipment, industrial machinery and transportation equipment. Close behind these is the export of agriculture and food products, which fits urbanizing Asian countries with huge and growing populations.

State growth in exports — a sector that as a whole is expanding more than twice as fast as the rest of the state economy — is being driven by Asian demand. Though the state still has a net trade deficit with Japan, exports to that nation grew by more than 25 percent each of the last two years, in spite of a Japanese recession. Exports to Malaysia jumped nearly 72 percent between 1994 and 1995, following a 46



growth in our exports as a result of NAFTA and GATT (exports to Canada, also part of the North American Free Trade Agreement, increased from $8.5 billion in 1994 to $9.7 billion in 1995), and as a result we are extremely competitive globally."

Chile imported $299 million worth of California goods in 1995. Next in 1995 California south-bound exports to Pacific Rim countries were Colombia, $171 million; Panama, $137 million; Peru, $129 million; Guatemala, $74 million; Ecuador, $67 million; Costa Rica, $66 million, and El Salvador, $49 million.Except for Mexico, all the 1995 export figures showed substantial increases from the 1994 figures, and all the 1994 figures had increased substantially from the previous year's figures except those for El Salvador. California sent $57 million worth of goods to that country in 1993, but only $41 million worth in 1994.

California's top export sectors globally — electronic and electrical equipment, and industrial machinery and computers — comprise the bulk of the state's exports to Mexico, Chile, and Colombia, the three largest of its Latin American Pacific Rim trading partners.

Day said he expected the on-again, off-again effort to include Chile in the North American Free Trade Agreement would resume after the November presidential election. "Unfortunately, it's a politically sensitive issue that's hung up in election year politics right now," Day said.

Susanne Stirling of the California Chamber of Commerce agreed, saying the Clinton administration had been forced to put the issue on the shelf because the Republican Congress had refused to give the president fast-track negotiating authority. "It's politics, not business," she said. "There are people on the far left and the far right who, for different reasons, oppose such trade agreements. Business certainly doesn't oppose them." As a result, Stirling said, talks of expanding NAFTA to include Chile "are moving more slowly in this country than in Canada and Mexico."

Expanding NAFTA to include Chile "would be a foot in the door for more comprehensive trade agreements between the United States and other Latin American countries," Day said. Brazil, Argentina, Uruguay, and Paraguay already have adopted a NAFTA-like treaty, called Mercosur, that could pave the way for an agreement dropping trade barriers between all Latin American countries and, eventually, the United States, he said.

Bob Schmidt is a freelance writer from Sacramento.

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percent leap in the previous year. Most of the rest of the dynamic Asian economies are scattered between these two, far outstripping the pace of any other region.

And this is only the manufacturing sector. Services — including such California staples as tourism, Hollywood motion pictures, software and financial services — are difficult to measure, but analysts view these as a linchpin of state trade with Asia. According John Hartley, a research analyst with the state department of Trade and Commerce, exports of services amount to more than $40 billion of the state economy. The consumption of these exports probably is distributed roughly along the lines of manufacturing exports.

"We have a very intertwined economy with Japan, and that will continue," says Trade and Commerce's Day. "But other markets are growing ... there will be some leveling out." This "leveling-out" is most likely to come most quickly as Korea approaches Japan's purchasing power, and later as the Southeast Asian nations, now still behind their northern neighbors, begin to catch up, says Hartley.

As icebergs go, the tip of this one shines more brightly than most. Even pessimists admit that California has maneuvered nicely — if somewhat painfully — from its cold-war defense-driven economy to a focus on high tech, exports and entertainment, each of which fits like a puzzle piece into the markets of the fastest-growing region in the world.

But even the brightest futures have areas of shadow. One of the hurdles to California business overseas is the labyrinthine quality of some Asian markets. Much of the first wave of industrializing countries got to where they are today with high tariffs or less obvious trade barriers to keep out foreign competition, boosting trade substantially but racking up huge trade surpluses in the process. Japan's formal and informal

Will China let Hong Kong be Hong Kong?

By James R. Carroll

On Yee Woo Street in the sign-cluttered Wanchai district, Edward Yau can sit at his desk on the ninth floor and look down a canyon of office buildings to a slice of Hong Kong Harbor, where ships tear through the jade-green waters at breakneck speeds. Some of those ships are eastbound, to Taiwan, Korea and Japan, then eventually, after a two-week sail, to California. Others have just made the trip in the other direction.

For 21 years, Yau has represented the Port of Long Beach in Asia. Building up contacts with the great shipping companies of the region, he has been instrumental in helping to put that port on the world map. Long Beach is now the busiest container port in the United States, trading with Hong Kong, the busiest container port in the world.

"All the carriers now know our port [in Long Beach] is important," Yau says.

Hong Kong is the fifth-ranking trading nation calling at the port of Long Beach, commerce worth more than $4 billion in 1994 (the latest year for which figures are available). At the neighboring Port of Los Angeles, Hong Kong is the sixth-ranking trading nation, with $3 billion in imports and exports in 1994. Statewide, California ranks first among all the states in exports to Hong Kong — more than $3 billion in 1994. An additional $1.5 billion in exports goes to China.

On July 1, 1997, Hong Kong ends 155 years as a British territory and becomes part of China. The nations around the Pacific Rim are holding their collective breaths. The multi-billion dollar question: Will China let Hong Kong be Hong Kong?

No one is more interested in that answer than Hong Kong's 6.3 million people, who are waiting to see how much autonomy their territory will be allowed under a "one country, two systems" agreement worked out between Beijing and London back in 1984.

In the business community, there is cautious optimism. "All the pessimists have already left," jokes one businessman.

Yau counts himself among the optimists. In fact, he gives tee shirts to his visitors imprinted with his company logo and this message under a big red "97" on the front: "July 1st. Here we stay!"

In truth, most Hong Kong residents want to stay. It is, after all, their home, and they have invested their lives in making this territory the financial jewel of all Asia. Many have made, and are making, fortunes here. It is said there are more Rolls Royces per square mile here than any place on earth. A few minutes watching at any street corner in Hong Kong Central would seem to bear that out.

The skyline is an endless array of vertical glass, steel and stone, set against the verdant, often cloud-covered slopes of Victoria Peak. On the day it becomes part of China, Hong

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agreements favoring local products over imports, and the subsequent US-Japan trade deficits, are notorious in this regard.

Such barriers still exist in Japan, but are dropping slowly. "Some American firms ... convinced that Japan is too difficult a market to enter, have chosen to direct their attention to China or Southeast Asia," writes Jonathan Kaji, director of the state Trade and Commerce office in Tokyo, in an e-mail interview. "[But] the general option of the American business community in Japan is that such a tactic may be 'penny wise but pound foolish,' since Japan still represents the second largest market in the world."

Japan is not alone in hurdles, however. With a few exceptions, Asian economies are run far more on a who-you-know basis than their western counterparts. This is certainly not unusual in underdeveloped countries, and rarely poses a problem for large companies with substantial resources to invest, but can present hurdles for smaller companies. "It's very hard ...[Business people] don't know the culture well," says Aronson.

California's Trade and Commerce Agency maintains overseas offices in Taipei, Hong Kong and Tokyo to help businesses through these problems. Representatives familiar with local markets and policy makers guide would-be exporters through maze-like bureaucracies, help them make the crucial contacts they need to bring their products to market, and help devise market strategies so the products won't flop once they arrive. "It's the small and medium-size companies that are really starting to hit the market," says Day. The Trade and Commerce outposts serve as a "home office" for these, he says.

There is also substantial competition inside Asia from local firms and corporations, which are subject to different

Kong becomes the nation's richest city.

For all that, about 1.6 million Hong Kong residents have sought travel documents that would allow them to leave the territory, at least temporarily. As many as half a million have left since the early 1980s, and perhaps as many as a quarter of million more intend to leave before the transition.

Businesses, too, have fled.

The chief worry, of course, is that China, a totalitarian Communist regime of aging, inwardly-oriented, control-obsessed leaders, will not tolerate the free-wheeling capitalism, the uncontrolled stream of ideas and information, the worldly sophistication of Hong Kong.

Beijing already has put the territory on notice that it intends to control the executive, legislative and judicial branches of the supposedly autonomous government when the transition comes — moves which are perceived in many quarters here as a threat to Hong Kong's burgeoning democracy.

The brutal suppression of the democracy movement in Beijing's Tiananmen Square in 1989 is an understandable obsession here. So, too, were China's March "military exercises" aimed at intimidating newly democratic Taiwan, the suppression of nationalist movements in Tibet and Beijing's disgraceful record on human rights.

Martin Lee, chairman of the Democratic Party and one of Hong Kong's most outspoken critics, says China's leaders don't really grasp how Hong Kong works, or its importance to their own nation, despite the fact that China is the largest investor in its future territory. The Chinese leadership's main concern, he says, is staying in power.

"If they feel threatened," Lee says, "they will stop at nothing."

In recent weeks, China has sounded more conciliatory towards Hong Kong, insisting that it plans to honor its agreements and allow Hong Kong to continue doing what it does best: making money.

In reality, China itself is in transition. The readiest evidence of that is just across the border here in Shenzhen, a special economic zone packed with factories and high-rises that, under a Chinese brand of capitalism, has become the wealthiest region in China. Hong Kong investment was critical in making that happen.

Typically, Hong Kong is not on hold until 1997. The territory is awash in construction projects, none larger than the $9 billion airport on Chek Lap Kok Island, to open in 1998. Some of the projected growth for the airport, to be the largest in China, will come from around the Pacific Rim. But by far the greatest increase in traffic will come from the fast-modernizing giant on the Rim: China itself.

James R. Carroll writes for Knight-Ridder News Service in Washington, D.C.

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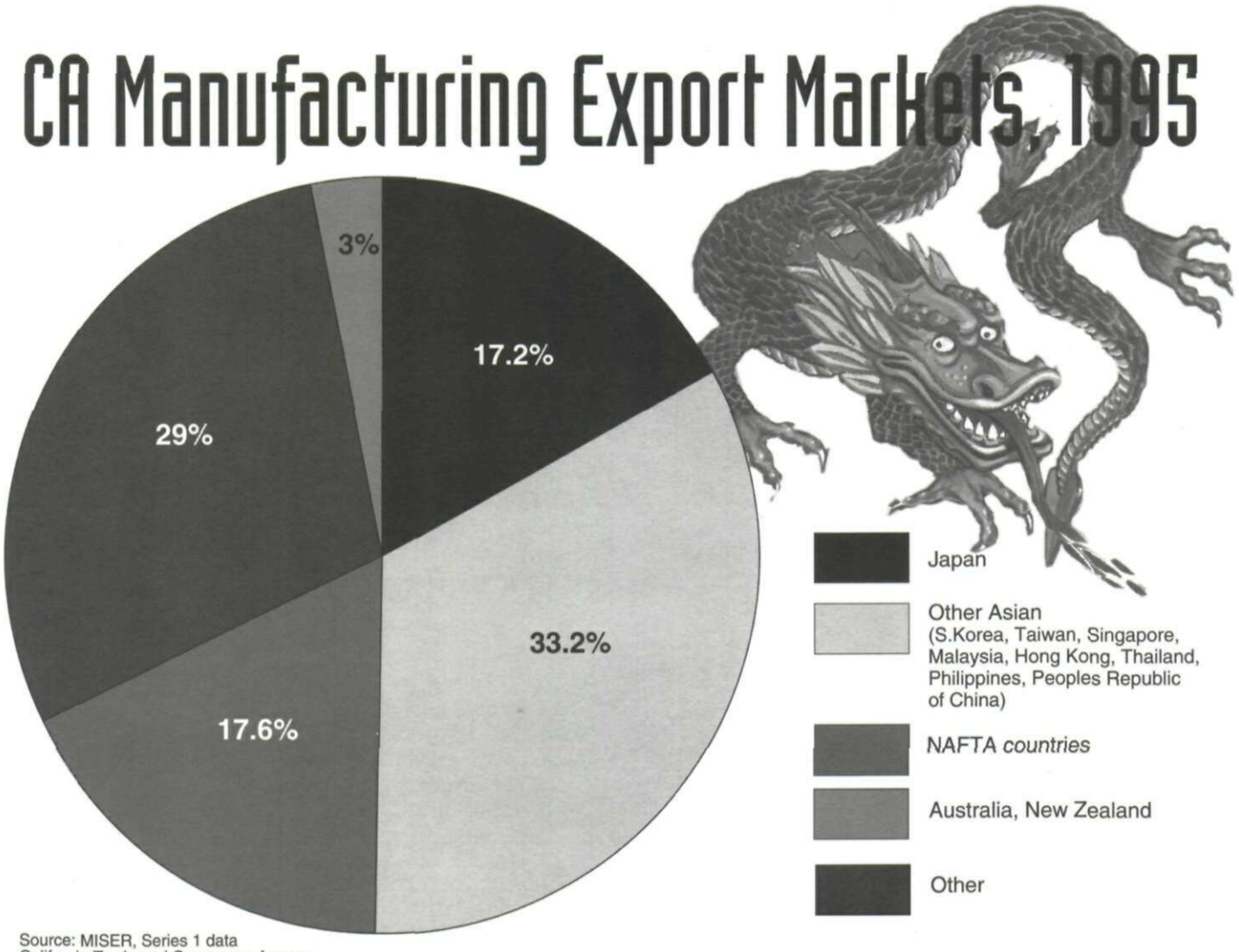
operating rules and different business models than US companies. The model of the Japanese mega-corporation, subsidized over the years by government export incentives, is familiar in names like Honda and Sony that permeate our own markets. The model was taken up by the Korean "*chaebol*", the top four of which controlled a whopping 68 percent of the nation's domestic sales in 1994. These huge firms and their subsidiaries have the capitol and connections throughout the region to give American companies steep competition for market share.

A second business model unique to the region is the network of firms owned by overseas Chinese. Much of the wealth in Singapore and other Southeast Asian nations, and in mainland China, is controlled by these family-controlled enterprises. Though rarely listed on stock exchanges or in compilations of the world's richest, some estimates place their liquid wealth alone at more than $2 trillion. Management in these organizations tends to be haphazard and family-centered — but business analysts credit them with being able to turn on a dime, diversifying into new markets with astonishing speed.

Finally, some have worried over the years — particularly as the European Union and the North American Free Trade Agreement were strengthened and expanded — that Asian countries would turn inward with their own free-trade area, effectively discriminating against outside goods and services. Some move has been made in this direction with the Association of Southeast Asian Nations (ASEAN) group, though in its early stages it does not appear that it will discriminate substantially against other countries. But to date the primary trading group in the region has been the Asia Pacific Economic Cooperation (APEC) nations and Mexico. "This is something we're encouraging as much as possible," says Aronson.

In recent years, the amount of intra-Asian investment — Japanese funds, in particular — has risen substantially, exacerbating some fears that American investments and firms would be left out. But Aronson says this is natural. "They're making more money there," he notes. Returns in Asian real estate and other investments have been substantially higher than in the United States, particularly after the substantial drop of the value of the dollar against the yen. Aronson says these investment flows do not necessarily bode ill for American business. "Nobody really trusts or wants Japan or Korea to replace us," he asserts. "The US brings stability to those markets," in terms of high business standards and predictable behavior.

Asian nations have been in the news almost continually for the last few months, almost invariably in stories that might raise questions about the long-term benign nature of the area. Much of these have centered around mainland China, the past and future giant of the region: China firing missiles into the sea off of Taiwan and promising to dismantle the budding democratic representation system in Hong Kong. A battle over



Source: MISER, Series 1 data
California Trade and Commerce Agency

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intellectual property pirates that as of this writing still held out the faint possibility of erupting into full-blown U.S. trade sanctions. A well-publicized arms sting that tied Chinese government-owned arms producers to smugglers in the United States. Fears that China was exporting components for nuclear programs to undesirable nations. And of course the perennial battle over China's human-rights situation. All of these have been crystallized in the congressional debates over China's most-favored nation trade status.

The tapestry of U.S. relations with China, at least, seems to be woven with enough threads of conflict to guarantee rocky relations well into the future. But Stanford Asia/Pacific Research Center Co-Director Lawrence Lau is optimistic. "There is bound to be some friction," between two such large powers, he says. "We are different cultures. Changes will come slowly. We have to be patient. Countries don't change overnight. ...If they did, then we'd be worried."

One key indicator of future stability is the degree to which businesses are willing to risk exposure. California firms, which have used Hong Kong as a jumping-off point for mainland China, are increasingly moving into the country itself, braving mercurial regulations and uncertain government mandates in order to establish an early presence in what could one day be the biggest market in the world. Intel, one of many companies with similar plans, recently announced its intention to locate an assembly plant in the Shanghai region. "It's one of the ways to establish a market presence" in a country that still maintains many barriers to imports, says Intel spokesman Howard High.

This is not to say that regional security concerns are a dead issue. Many analysts underline the importance of the United States' stabilizing military presence in Japan and elsewhere in the region, asserting that a "Pax Americana" has allowed traditional enemies such as China, Japan and Korea to turn their attention to economic growth.

But the United States is beginning to reduce its role in the region, asking Japan to take over more of the effort and expense of maintaining the security force. At the same time there has been a huge upswing in Asian defense spending in recent years, much of it on the part of Taiwan and China, who have clear motivations for boosting their defenses, but also at the hands of less clearly threatened nations. Some analysts argue that a withdrawal of American forces from the region would remove one of the key props to a relatively peaceful pattern of growth.

Despite the low simmer of tensions, many believe it is exactly this growth that will forestall any serious hostilities, barring an unpredictable move by North Korea. "Tensions were much worse 10 years ago," says Lawrence Lau, co-director of Stanford University's Asia-Pacific Research Center. "I would say that for most countries on the other side of the Pacific ... war is very much a last resort."

Intel's High is blunt about one of the other dangers California faces with a reliance on high-tech. It is an extremely mobile industry, he says, and the fact that California is a world leader now by no means guarantees its future. Intel has located most of its stateside production facilities in other states, he

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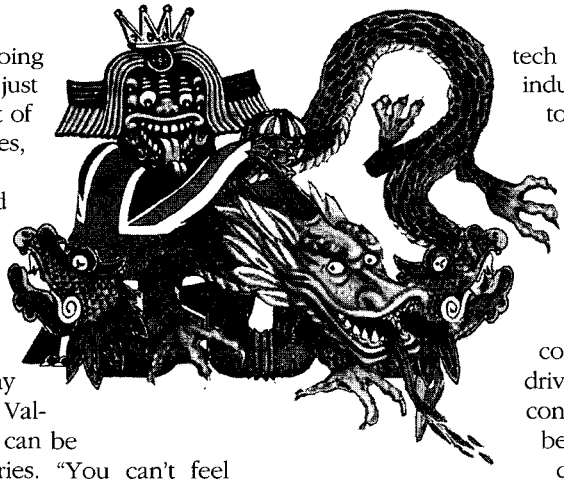
notes, in large part due to the cost of doing business in the Golden State — and not just taxes or regulations, but including cost of living, cost of electricity and other utilities, and other general expenses.



"California has been working hard to get back in the competition," he says, "but realistically they're not on the leading edge." Even the state's natural advantages — a well-educated work force, a world-class university system, the synergy created by many high-tech businesses located in Silicon Valley — are in decline and increasingly can be matched by other states and countries. "You can't feel complacent at any point," he says. "I don't think there is a natural barrier that exists [to prevent industries from moving to Asia] ... There is no shortage of brain power or insightfulness in that region."

Lau underscores this point, saying that most Asian countries are still catching up now but could increasingly threaten California's high-tech predominance. "We have to be ahead," he says. "If we ever lose our technological leadership, the game is up." But he believes California is unlikely to do this in the near future. "One of the things that has kept California going is that it is very innovative," he says. "This is a very dynamic state."

This doesn't mean that there will not continue to be painful areas of the transition, as workers continue to be laid off from old-economy industries and are forced into the high-tech world or the lower-paying service industries. And government's reaction to warnings like High's is typically to increase financial incentives for businesses at the expense of safety-net programs for the poor. "Individually it could be a very painful transition," Lau says. "The key is really to keep up training."

A final feature helping California's continued integration into an Asian-driven Pacific economy is the personal connections that the state's large number of immigrants and foreign students maintain with their home countries. The University of California and California State University both receive far larger proportions of students from Pacific Rim countries than from anywhere else in the world.

"The U.S. does maintain a trade surplus in the area of foreign students, foreign expatriates and tourism," writes Kaji. "Foreign students studying in California... have the chance to become Americanized and acculturated." He notes that Asian executives and bureaucrats posted in California are considered to be on the "fast track" to promotion.

"I am seeing a melding of Asian, western and Latin values occurring throughout the Pacific Rim," Kaji adds. "In Tokyo, it is common to see Peruvian street performers side by side with Japanese noodle stores, KFC and rollerbladers ...Diversity is a net advantage for the state and represents the future of the region."

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The resurgence

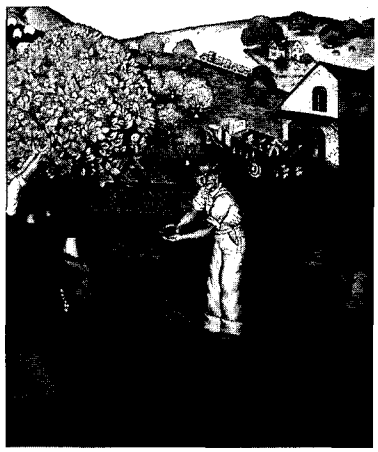
California's changing economy took a toll on traditional unions. But the change also offered opportunities to organize a whole different breed of worker — and at the same time, allow labor to regain some lost political clout.

By Kathleen Les

Not long ago, big labor unions — representing the likes of auto and aerospace workers, truck drivers, farm workers, operating engineers, construction workers and their blue-collar brethren — exercised big political muscle. Aided by their mostly Democratic legislative allies, they pushed through friendly laws dealing with issues such as minimum and prevailing wages, worker safety, overtime pay and worker's compensation, to name only a few. Many of these laws were passed, despite fierce fights with California's business and manufacturing sector.

But those were during the halcyon days of the California economy — the explosive 1970s and '80s — when it seemed as though the good times would roll on forever and business could afford to cede an increasing share of an ever-increasing pie to labor.

By the 1990s, as a national recession edged its way onto the West Coast, California's long roll turned up snake eyes. The auto-manufacturing industry all but disappeared from California. The end of the Cold War brought severe cuts in military spending, which caused equally



Scene from Coit Tower mural, *California*, by Maxine Albro, 1934

Kathleen Les is a California Journal *intern.*

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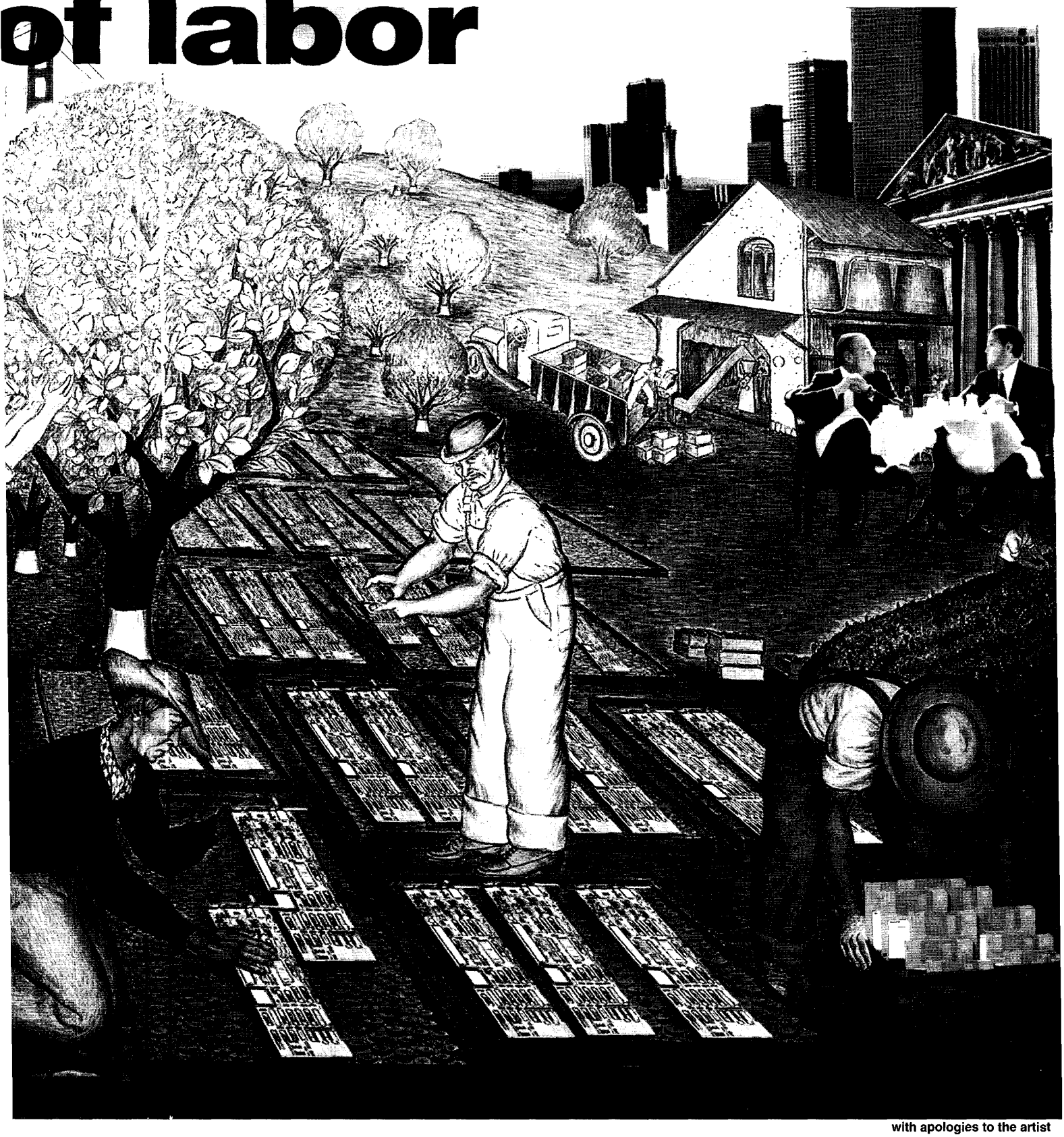
# of labor



with apologies to the artist

severe cuts in the aerospace and ship-building industries.

As a result, the state's economy began to change, moving away from dependency on the military and traditional manufacturing and toward high-tech, agriculture, finance and service industries. And as it changed, the membership in traditional labor unions waned. Politically, labor lost clout as its membership dipped. In addition, politicians began to pay closer attention to business interests who complained that government regulation in a wide variety of areas had made California an expensive place in

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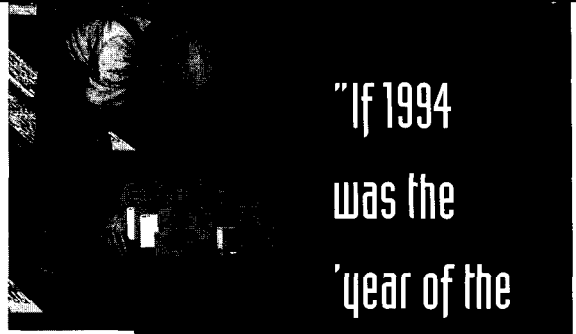
which to operate. Republicans in the governor's office and in the Legislature joined with pragmatic Democrats in 1994 to pass, among other things, changes in the workers' compensation laws that labor seemed powerless to stop.

Business reached the apex of its political clout — at the expense of most unions — after the 1994 elections, when business-friendly Republicans gained control of the Assembly for the first time in 25 years. Among the items on the GOP's plate was roll-back of requirements that overtime wages be paid to those who worked longer than an eight-hour work day.

But there is some evidence that unions may once again be poised to regain some political clout, influence centered on new kinds of unions catering to groups such as janitors, hotel and restaurant workers, prison guards, state employees and others who work in the service industry or for government. The prototype for this new kind of union is the California Correctional Peace Officers Association, which muscled its way into the political consciousness during the 1990s by providing a steady stream of campaign cash to friendly — and mostly Republican — officeholders. The CCPOA also has been politically savvy on issues; for instance, recently proposing a scheme for cheaper prisons.



"If 1994 was the 'year of the woman,' then 1996 is the 'year of the labor union.'" —Jeff Gorell, California Manufacturers Assn.

While overall union membership has actually held steady during the last 30 years, the slice of the work force that belongs to unions has dropped dramatically in both California and in the country. For instance, the number of union members in the state grew by 5 percent between 1977 and 1987 while the number of new jobs jumped by more than 30 percent.

At the same time, the state's socio-economic landscape was shifting like two geologic plates. During the 1980s, the Hispanic population grew by 70 percent; the Asian by nearly 120 percent. By 1990 non-anglos formed 47 percent of the total population. The new immigrants were overwhelmingly poor and uneducated and saw a $5-an-hour wage as a princely sum. Many found work in the expanding service industry, where the number of jobs increased 112 percent during the 1980s. They also provided fertile ground for union organizing.

"We've hit bottom and we're coming back up," said Tom Rankin, the main lobbyist for the California Labor Federation, AFL-CIO, and the man expected to become its president later this month. "Unionization has historically been a way into the middle class in this country."

Rankin admits that union leadership had grown lax in recent years but he now sees the chance to focus once again on labor issues — including a number of key ballot initiatives slated for November. Labor issues — those that affect a person's ability to earn a living wage — will be the litmus test by which all politicians will be judged, regardless of party, he says, envisioning a powerful network of educated voters who understand the link between actions in Sacramento and one's wallet. To back his claim that unions once again are becoming politically active, he cites two recent rallies by building-trades workers in Los Angeles and in Sacramento, centered around salvaging the prevailing wage. Money is another way to exercise clout in the political arena and the CLF intends to follow the lead of CCPOA and the California Teachers Association and spend on targeted legislative races. It also plans to coordinate contributions among individual unions to increase the federation's overall strength.

And then there is person power, something unions traditionally have lent to politicians in abundance. The most recent beneficiary of union grassroots visibility, according to some in the labor movement, was then-Assemblyman Byron Sher (D-Redwood City), who ran for the state Senate in a special election this past March. "When we walked with fellow union members door-to-door for Sher, it was clear we're right on the money ... with the issues," said Art Pulaski, head of the San Mateo Labor Council and slated to become CLF executive secretary/treasurer.

Pulaski also says overall union power is being enhanced by the growing strength of unions among factory workers, health-care attendants, non-profit employees, and those in the service and building trades. One example is the Los Angeles Manufacturing Action Project, which has its sights set on the largely Hispanic immigrants who hold down 700,000 low-wage factory jobs. Project Coordinator Peter Olney says "over the last 10 years, and the last six in particular, the most exciting and largest scale organizing taking place has been among low-income Latinos."

But low-income workers aren't the only targets. The largest growing sector of unionizing involves public employees. For instance, University of California employees, from lab technicians to various technical support staff and including faculty, have banded together under the University Professional and Technical Employees Union, founded in 1990. Within the next few years, UPTE is expected to reach 20,000 members. Other public-sector unions with growing membership — and clout — include the California State Employees Association, the CCPOA, CTA and California School Employees Association.

And then there is the Service Employees International Union, whose 300,000 mostly private-sector members make it the largest union in California. While the SEIU is home to

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every kind of worker — blue, pink and white collar — it has increased its ranks considerably by organizing those in the lowest job tiers through programs such as its "Justice For Janitors" campaign. It also has had considerable success organizing in health-care and some government workers.

"If the labor movement is to survive, we must be even more aggressive in our organizing and must pay closer attention to the interests of our members," said Eliseo Medina, executive director of SEIU Local 2028 in San Diego and president of the state council. In short, says Medina, "we have to radically restructure the way we do business to increase organizing and political action."

But translating union membership into union political clout takes coordination and education. Medina says SEIU, for instance, will work hand-in-hand with unions around the state to coordinate strategy and to ensure that every member in every precinct is contacted as part of a get-out-the-vote campaign. Although labor has traditionally been Democratic, SEIU is not beholden to a particular political party, says Medina. He cites the passage of the labor-opposed North American Free Trade Agreement (NAFTA) as a watershed that severed labor from its long-standing lock-step association with Democrats. Although that vote took place in the Congress, it means that all SEIU endorsements and donations will be based on a candidate's positions on labor issues — not party affiliation.

Chuck Mack, president of Teamsters Joint Council 7, says labor has been under attack by big business, multinationals and to a certain extent government over the last several years. 'We've been under siege and we've withstood that," said Mack. "But NAFTA represented a bread-and-butter issue for us, and when we needed to count on the Democrats they said 'no'."

Mack cites minimum wage and maintenance of the prevailing wage as two litmus issues this fall, but they are not exclusive. Universal health coverage, overtime, collective bargaining, privatization and health and safety are other concerns. And although many in labor express disastisfaction with Democrats over NAFTA, Republicans at this point do not seem to provide a viable alternative on the breadth of labor issues. Elimination of prevailing-wage rules, for instance, has been a priority for Governor Pete Wilson, while congressional and legislative Republicans have been apathetic, if not outright scornful, of increases in the minimum wage. At the same time, Democrats have openly courted business over the past few years.

Still, business is wary of the re-emerging clout of labor. "If 1994 was the 'year of the woman,' then 1996 is the 'year of the labor union,'" says Jeff Gorell, a spokesman for the California Manufacturing Association. "They've definitely made a comeback by pushing economic emotional issues that will be pivotal in the next election." He points to the labor-backed minimum-wage initiative as an excellent ploy to get union members to the polls in November, and he forsees that most of them likely will vote Democratic.

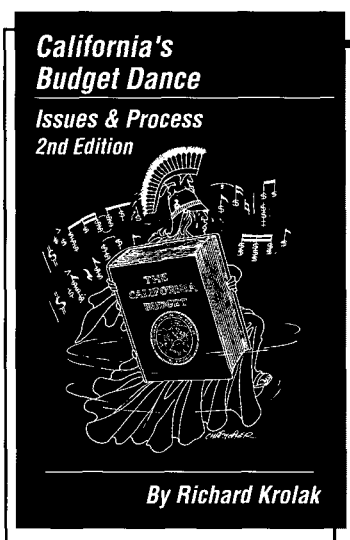
Others in the business community also acknowledge labor's return on the political landscape. Kirk West, executive director of the California Chamber of Commerce, suggests that labor's new grass-roots strategy taps more heavily into its local base for political clout rather than relying on the CLF — much the way the chamber itself reorganized its political activity a few years ago.

"The days are over when a legislator only listens to the voice of major corporations and major labor unions," said West. "These days, legislators are more likely to hear from a local chamber and a local union on the same issue, and that is a healthy trend."

The biggest legacy of labor in the last 20 years is their success in unionizing public employees, particularly at the state level, according to Tom McClintock, a former assemblyman who now serves as a director with the conservative Claremont Institute. McClintock, who is back running for the Assembly this fall, blames labor for many of state government's economic woes. With public-sector unions came an enormous political clout over their working conditions and salaries. This, in combination with union-initiated laws to limit competitive pricing of government goods and services, says McClintock, has resulted in a bloated bureaucracy that has been the target of the GOP agenda for the last several years.

Unions will find themselves pushed into a corner, predicts McClintock, where innovation will be their only means to survival. He points to the CCPOA's recent proposals for a public-private management entity to oversee prisons as evidence that some labor organizations can be innovative.

With the oppression index pushed up for workers by an economy increasingly separating the haves from the have-nots, and with the minimum wage and prevailing wage under attack, labor unions surely have a role to play. This may once again be their time in history to insure a place for the masses at the table of economic prosperity and security.



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Two Cents commentary

Rich Zeiger, adieu

It was at the rear of the Assembly floor, where the press holds forth, that I first saw Rich Zeiger. He had entered the chambers and was making his way around to a desk reserved for the *Riverside Press-Enterprise*, smiling and joking as he went. At the time, I was impressed by two things. First, everyone he encountered — reporters, members, staff — seemed genuinely glad to see him. Second, he seemed genuinely glad to see everyone else.

The word "geniunely" is significant, for real emotions mostly are hidden in the political universe, replaced with the kind of warmth that reflects rather than glows. Not so with Zeiger. People went out of their way to speak to him, or to share some joke or remark, and I was struck by this bubble of good humor and affection that seemed to follow him around the room.

That was the summer of 1985, and my observations were important because *California Journal* was looking for a new editor and I was part of the search team. We were nearing the end of our efforts after having interviewed half a dozen prospects, and publisher Tom Hoeber seemed to have settled on the person he thought was the best candidate. But Bobbie Metzger, Willie Brown's former press secretary, urged us to talk to Zeiger.

Shortly thereafter, he was named editor, the choice self-evident. Zeiger seemed to fit. The first issue published with his name on the masthead came off the press in August 1985, and he remained editor through February 1995 when he became executive editor of the magazine and vice president for publications of the *Journal's* parent company, State Net. His tenure as editor had lasted nine years, seven months — the longest in the magazine's 26-plus year history.

Conservative by nature, Zeiger kept the *Journal* on its traditional path as keeper of the "conventional wisdom" about California politics. Providing in-depth and timely analysis of issues, elections and personalities was not always easy, given the often meager resources at his disposal. But he managed to enrich the magazine's coverage of state government and politics not only with his own writing but by assigning thoughtful and provocative stories to an ever-increasing stable of freelance writers and correspondents. He also oversaw the *Journal's* more aggressive use of cartoons and graphics to enhance the telling of a story. And during his time as editor, the *Journal* lurched into the modern era by replacing its paste-up boards and exacto knives with computers and in-house typesetters.

Eventually, after the *Journal* merged with State Net, Zeiger conceived and launched our foray into the world of weekly and daily coverage, first with *Election Weekly* in 1992, and with *cjWeekly* the following year. In his capacity as executive editor, he also brought all of State Net's publications into the brave new world of electronic journalism with daily and weekly online newsletters not only in California but in other states as well.

But those are tangible accomplishments, measured in pages and volumes and equipment. More important were the intangibles: his leadership of a growing staff, his tutoring of an endless stream of interns, his ability to instill confidence in others. Most important, however, was a workplace ambience that he more than anyone created and nurtured. We toiled endlessly, against a myriad of deadlines, but we did so in a climate governed by empathy, humor and compassion.

But, as Zeiger discovered over the past two years, executive editors are not editors, and vice presidents often must expend a fair amount of energy and time administering their domains. They often do not have the luxury of performing in the trenches of journalism, or of thinking about issues, or of suffering through the magnificent agony of crafting a lead — stuff that Zeiger considered the "fun part of the job."

Thus, 11 years after he first strapped himself into the editor's chair, Rich has moved on to another career, another challenge. He has accepted a position as vice president of APCO Associates, a Washington, D.C.-based public-affairs firm that recently opened an office in Sacramento. His new role once again allows him to focus on having "fun," which for Zeiger means thinking about and being involved with the great issues at play across California's political landscape.

It is not easy to make the transition from neutral reporter to involved partisan. There are pitfalls as well as potential rewards. Some journalists thrive in this new atmosphere; others despise the rigor. To say the least, we wish him well and have confidence in his ability to conquer yet another world.

As for the magazine, his departure leaves a huge gap in the lives of those who remain. We have our own challenges to deal with, our own transitions, and we will miss him greatly as we go along. Although in his capacity as executive editor, Zeiger had little to do with the *Journal's* day-to-day operation, he was always close by, always eager to participate in editorial meetings and to offer insightful suggestions on the handling of this story or that column. His "take" on the events and personalities who dwell inside the world of California politics was invaluable. We'll all miss his presence.

On a personal note, Rich's departure also brings to an end a remarkable 11-year working relationship between the two of us. Despite the formality of titles, there never was anything formal about our work together; we were never boss and underling. We were colleagues who each recognized our own strengths and weaknesses and who early on developed a healthy respect for the way we complemented the other's skills. That kind of arrangement comes along oh, so rarely, and it worked to the benefit of *Journal* readers for a very long time.

The relationship, and the friendship that developed alongside it, also allowed me an immeasureable amount of personal growth, as a journalist, an editor and — most important — as a person. After all, you can't be around someone as genuine as Rich Zeiger without having some of it rub off.

— A.G. Block

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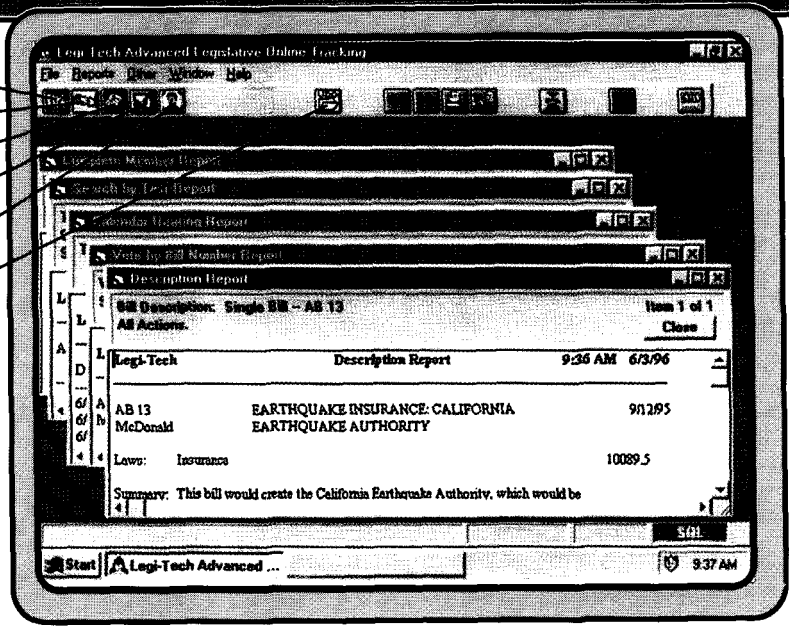
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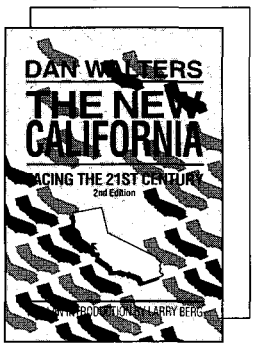

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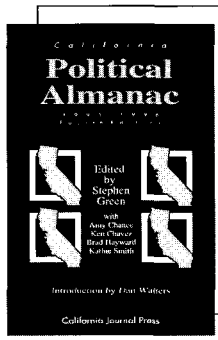

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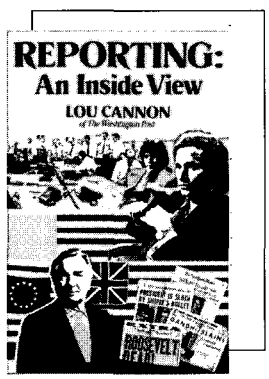

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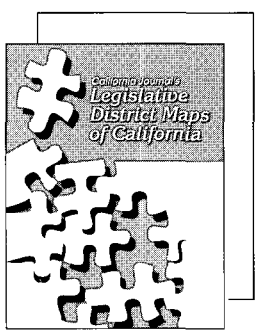

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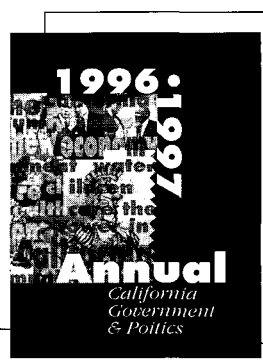

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The Bottom Line
government finance

by Susan Rasky

Carrying California water

You represent a California industry or interest group with a problem that needs attention from Washington. You're mostly agnostic on ideology and savvy enough to have contributed (albeit modestly) to both political parties over the years. Familiar with the quirky nature of the California delegation, you know that one-stop lobbying was not possible even when Democrats controlled both houses of Congress. Now the Republicans are in charge. You should:

A: Camp outside Newt Gingrich's office and hope for the best;

B: Acquaint yourself with Representative David Dreier, the San Gabriel Valley Republican who chairs something called the "California Task Force." (He's a member of Newt's inner circle and the Rules Committee, but can you trust a guy with dimples?)

C: Acquaint yourself with Representative Jerry Lewis, the San Bernardino County Republican who chairs an important Appropriations subcommittee. (He's a legislator's legislator, but does he have any sway with the delegation or the House leadership?)

D: Acquaint yourself with Representative Christopher Cox, the Orange County Republican who heads the Republican Policy Committee. (Does a guy that cerebral know how to talk turkey?)

E: Consult your Democratic contacts and ask them to lobby the White House. (A good bet this season as the president courts the state, but what do you do after November?)

F: Move to Texas.

The correct answer is all of the above. Even if Texans Dick Armey and Tom De Lay didn't hold the number two and three positions in the House, the Texas congressional delegation has a long tradition of hanging together on state issues. And California ain't Texas, not by a long shot.

Assuming relocation is not practical?

"Pound for pound, if you want something done for California, there are two guys you go to," says a long-time Washington lobbyist. "David Dreier and Jerry Lewis, both know the inside game, and both are good legislators."

But the outside game is also important in Gingrich's House. And it is Dreier — good looking, articulate, congenial and sufficiently conservative to pass muster with the unruly freshmen who view themselves as foot soldiers in the Gingrich "revolution" — who has piled up the press notices since Republicans captured the House 18 months ago.

The initial attention came for his role in overhauling the House rules and committee system — a task begun as a bipartisan effort under the Democrats, but stalled until Gingrich took over as speaker. More recently, it is the prodigious fund-raising ability (he was the general chairman of the last month's House-Senate Dinner in Washington, which pulled in a cool $8 million-plus for GOP congressional coffers) and the ever-so-often mention that he might make a good running mate for Bob Dole.

"Charisma and ideological balance," the Capitol Hill newspaper *Roll Call* opined, putting him at number 15 in a list of 17 veep possibilities that included Pete Wilson and Dan Lungren. Cox was not mentioned on that list, but has been described by conservative Washington wags as "everything George Bush hoped Dan Quayle would be — intelligent, energetic, principled and handsome."

More likely in both cases is a run — or at least the exploration of a run — for Democrat Barbara Boxer's Senate seat in 1998. Count Lewis in on that trial balloon as well. "I'm holding back on formalizing anything until after the presidential race is over," he says, using words almost identical to Dreier's on the subject.

For now, the more interesting matter is the operation of the California Task Force and the interplay between Dreier who heads it and Lewis and Cox who serve as its vice chairman. It is said to have been the brainchild of Governor Wilson, who suggested it to Gingrich as a way of focusing attention on statewide problems and of responding to media criticism that the largest state in the union, holder of five important committee chairmanships when the Democrats ruled, would have none under the GOP regime.

That may be partly true, but the fact is that House committees and chairmen are far less important in general under the centralized leadership system Gingrich has instituted. "I still think it's important to work the committees," says one veteran California Democrat. "But the chairmen themselves will tell you, they don't make the final call."

By some accounts, the real origin of the California Task Force, the only one of its kind in the House, is that Gingrich asked Wilson, who he turned to for help on California issues and the governor replied, "Jerry Lewis, period." It was then, according to these accounts, that the new speaker decided a task force might be in order.

The latter explanation is not especially flattering to either Dreier or Lewis — understating Dreier's command of House procedure and his genuine interest in trade and business issues critical to California — and at the same time undervaluing the kind of expertise and attention to detail that make the appropriations panel a thing apart from every other structure in the House.

As for the task force, its accomplishments to date look a lot like those racked up when the Democrats ran the place — an eight-page press release touting such marvels as extra money for the B-2 Bomber, the National Ignition Facility at Livermore, and beefed-up border security notwithstanding. It couldn't be that the White House interest in California had anything to do with those.

The truth is, California will never have a delegation that works like the one in Texas. And in the meantime, it could do a lot worse than having a Mr. Inside like Lewis and a Mr. Outside, like Dreier, holding the disparate pieces together.

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End of the

A decade ago, California vote
centered on the death penalt
voters get what they bargain

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Lucas era

sted three Supreme Court judges after a bitter campaign alcolm Lucas became chief justice after that election. Did r?

By Bob Egelko

The state Supreme Court of Chief Justice Malcolm Lucas was unique in modern California history: It was a court installed by the voters.

For the first time since the state instituted non-partisan, yes-or-no retention elections for Supreme Court and appellate justices in 1934, voters said "no" in 1986, ousting Chief Justice Rose Bird and liberal colleagues Cruz Reynoso and Joseph Grodin. In the same election, Governor George Deukmejian was returned to office after pledging to overhaul the court. He then elevated Lucas, his former law partner and the leading dissenter on the Supreme Court since 1984, to chief justice and promoted appeals court Justices John Arguelles, David Eagleson and Marcus Kaufman to the high court, giving conservatives a majority for the first time in 30 years.

Lucas' recent retirement, more than nine years after Bird was ousted, provides an occasion to ask whether voters got what they wanted.

First and foremost, the public wanted the death penalty. The focus of the campaign against Bird was her court's reversal of 64 of the 68 death sentences it had considered. The Lucas court turned the numbers around, upholding 85 percent of its capital cases overall, and nearly 95 percent in the last four years — the nation's highest affirmance rate during that period. But implementing capital punishment has proven to be a more complex problem than the 1986 campaign slogans ("Cast Three Votes for the Death Penalty") suggested. Only three Lucas court defendants have been executed; scores of cases are bottled up in the federal courts, which have set aside at least a half-dozen California death sentences; meanwhile, the state court struggles with a seemingly intractable backlog and a growing shortage of lawyers willing to take capital cases.

Bob Egelko writes about legal issues for Associated Press in San Francisco.

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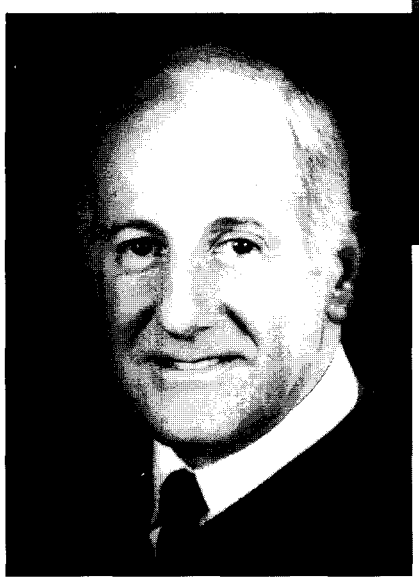
One segment of the public, contributors to the anti-Bird and pro-Deukmejian campaigns, also wanted a court more friendly to business. Liberal courts had expanded consumers' rights, interpreted environmental and civil rights laws broadly, and opened the courthouse doors to a wide array of liability suits on topics ranging from product defects to employee firings and denials of insurance coverage.

The Lucas court was more receptive to business concerns. Early rulings that restricted suits against insurers and employers voiced fears about the harmful effects of litigation on the business climate. But employees have regained some ground in recent years as the membership of the court changed, and the justices, while discouraging liability suits against insurance companies, have upheld regulation of insurers by ballot initiative. The court has left previous environmental rulings largely intact, rejecting property-rights doctrines embraced by the U.S. Supreme Court. The justices anticipated current anti-smoking litigation by allowing a suit against the Joe Camel ad campaign under state false-advertising laws. And civil-rights precedents, though narrowed, have fared better than their national counterparts before a hostile U.S. Supreme Court.



Chief Justice Ronald George

Justice Janice Rogers Brown

The Bird court also was attacked for overturning voter initiatives. The Lucas court has been far more deferential, upholding ballot measures to limit legislative terms, regulate insurance rates, restrict criminal defendants' procedural rights and limit local tax authority. It has also given a broad reading to the tax-curbing power of Proposition 13, the 1978 initiative that the Bird court upheld but interpreted narrowly. One notable exception to the Lucas courts' relaxed scrutiny of initiatives was its scuttling of efforts to revise two 1988 ballot measures restricting campaign contributions, a subject that will be back before the voters in November.

Another theme of the 1986 campaign was the need to restore public confidence in the court by removing it from politics — an odd goal of the most political campaign in court history, but one that seems to have been accomplished. Though Lucas court rulings were occasionally controversial, the court itself dropped out of the political spotlight. The justices have been routinely confirmed at the polls without a single organized opposition campaign, and their appointments have gone unmentioned in campaigns for governor and other state offices.

"Re-establishing the court as not such a politically polarizing court probably was the chief justice's main objective ... and it's the objective that he most clearly accomplished," says attorney and legal commentator Steven Lucas, a former law clerk to Malcolm Lucas, who is not related. "When you have a court that's affirming the death penalty regularly, you have a court that's of little interest to the public."

"They've gone a long way toward restoring confidence in California courts from an all-time low," says Kent Scheidegger, director of the pro-prosecution Criminal Justice Legal Foundation.

Not surprisingly, some criminal defense lawyers and civil-liberties advocates have a different perspective, viewing the Lucas court as politically oriented from birth.

Lucas "sat silently by" while his political patron attacked Bird, and thereafter became "the direct beneficiary of the politicization of the Supreme Court," says James S. Thomson, former president of California Attorneys for Criminal Justice, a defense lawyers' group. He says Lucas was just as activist in capital cases as Bird was accused of being, and was hypocritical in invoking the independence of the judiciary when his court later came under attack in the Legislature.

One change voters were probably not seeking, after removing three justices, was a high rate of voluntary turnover on the new court, dubbed the "turnstile court" by Santa Clara University law professor Gerald Uelmen. At least partly for financial reasons, and perhaps also because the court has become less prestigious and its death penalty-oriented workload less satisfying, justices have taken to retiring as soon as they were eligible for maximum pension benefits. Arguelles, Kaufman and Eagleson left after two, three and four years respectively, and Kaufman's successor, Armand Arabian, retired after five and a half years. Forty years ago, the average justice's tenure was 12 years, but since the early 1980s it has dropped to less than five years, Uelmen says. With Lucas' departure, only 83 year-old Justice Stanley Mosk, a 1964 appointee of Governor Pat Brown and the only Democrat on the court, remains from the original Lucas court.

With start-up time required for each new justice, the turnover has been disruptive and may be responsible for a decline in the court's output, to fewer than 100 rulings a year. On the other hand, it has brought in a new group of justices who are unconnected to the 1986 election and are a more diverse lot than the middle-aged white male business lawyers who made up most of Deukmejian's early appointees.

The court, which lost its first-ever female justice when Bird was removed, now has three: Deukmejian appointee Joyce Kennard and Wilson appointees Kathryn Mickle Werdegar and Janice Rogers Brown. Kennard and Wilson appointee Ming Chin are of Asian descent, and Brown is the court's first black member since 1991 and its first-ever black woman. There is a modest amount of ideological diversity as well: Kennard is a centrist and the court's most frequent dissenter after Mosk; the newly appointed Chin frustrated

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prosecutors as an appellate justice by striking down DNA evidence; and Werdegar and new Chief Justice Ronald George, while conservative by most definitions, seem more moderate than their Deukmejian-appointed predecessors.

In fact, the term "Lucas court" probably became a misnomer toward the end of Lucas' tenure. The chief justice clearly was the leader of the court in its early years, setting its agenda and writing some of its most important rulings: the 1988 decisions that barred third-party suits against insurance companies for bad-faith practices and severely limited suits by fired employees, and the 1991 rulings that upheld term limits and extended Proposition 13's two-thirds vote requirement to local agencies created to finance special projects. All those were split votes, with conservatives lined up behind Lucas. But by the last year or two of his tenure, he often could no longer command a majority in close cases.

The most striking example was the July 1995 ruling that banned sex discrimination at a private country club. The case would have been a tossup in the 1987 court, but this time Lucas was alone in dissenting from George's majority opinion, which later survived a repeal attempt in the Legislature. Lucas was again in dissent this May when the court ruled 4-3 that a landlady could not refuse to rent to an unmarried couple on religious grounds. That case almost certainly would have been decided the opposite way by the early Lucas court, which issued rulings weakening the state Fair Employment and Housing Commission and restricting the scope of the law that bans discrimination by businesses. (The spirit of those early rulings reappeared in last year's decision upholding some local anti-homeless ordinances.)

Lucas was among the majority May 4, 1996, in a 4-3 ruling by Mosk, upholding the state's never-enforced parental consent law for minors' abortions — the only victory for anti-abortion forces before the court, which repeatedly refused to reconsider a 1981 Bird court ruling maintaining Medi-Cal abortions for poor women. But before the parental consent decision became final, the majority lost Arabian and Lucas to retirement, and their successors, Chin and Brown, cast the deciding votes to grant a rehearing — a step that in the past has virtually always led to a reversal.

Another hallmark of the early Lucas court, its resistance to suits by employees, was undercut by recent rulings that allowed suits for wrongful demotion and for fraud in an employer's promise that induced a prospective employee to relocate.

If the later Lucas court proved more flexible in some areas of civil law, however, it stood firm in criminal law in general, and the death penalty in particular. Remarkably, the justices claimed to be applying much the same legal framework as their predecessors. They overturned only one major Bird court ruling, which required proof of intent to kill in most types of capital murder, and one lesser precedent, which prevented defendants from abandoning their case and asking the jury for death. The dramatic shift in results has been largely due to the court's expanded view of "harmless error," a flaw in a trial that did not affect the outcome.

The Bird court rarely found an error in a capital case to be harmless. In one case often cited by prosecutors, a man

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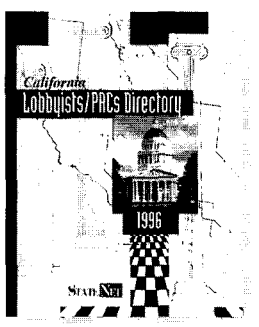

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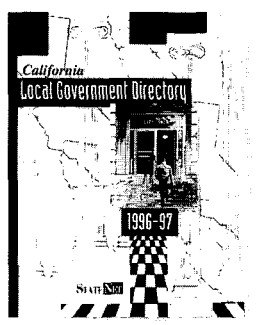

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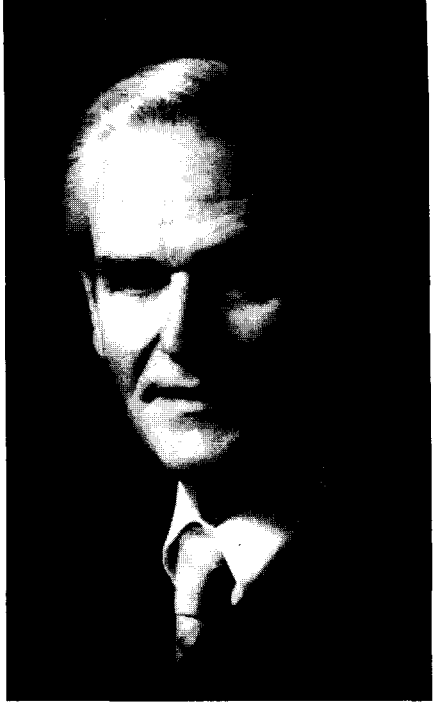
who had to reload his gun before each of several killings was given a new penalty trial because jurors had not been asked to decide whether he had intended to kill. The Lucas court, on the other hand, took harmlessness to its outer limits. One jury heard inadmissible evidence that a defendant had raped an elderly woman with a wine bottle; another jury wrongly found that a prisoner who killed a fellow inmate had also murdered a guard; one defendant's lawyer was drunk; a trial was conducted under the wrong version of the death-penalty law, and a defendant was prevented by the trial judge from telling jurors why de deserved to live. In each case, the court found that no reasonable juror would have been influenced by the error in sentencing the defendant to death.

How those rulings will ultimately fare in federal court is unclear; a pattern of early reversals by federal judges may be halted by a new law restricting U.S. court review of state rulings in criminal cases. But regardless of the outcome in individual cases, Lucas' effort to solve the court's death penalty problems was not wholly successful.

Despite a sometimes frantic pace, with 56 rulings in a single year, the court was unable to clear a massive backlog of capital cases. The number of death sentences each year usually exceeds the number of rulings, but the chief problem is a shortage of appellate lawyers; despite taking over lawyer recruitment and increasing pay scales, the court has been unable to find lawyers for 125 of the 440 death row prisoners, who now must wait three years or more for an attorney. It's getting harder to find private lawyers or firms who will undertake a commitment of many years with little hope of saving their client's life. The situation may have been aggravated by the recent cutoff of federal funds for death penalty resource centers, including the California Appellate Project, the backbone of capital defense in the state for a decade. The Legislature may respond by expanding the state public defender's office, whose 50 percent reduction by Deukmejian a decade ago forced the shift to private lawyers. Capital cases, meanwhile, continue to take up a considerable share of the court's workload. A commission appointed by Lucas early in his tenure recommended shifting portions of the cases to the appellate courts, but the proposal faded after the chief justice declined to endorse it.

Criminal-law issues outside the death penalty area were largely driven by two ballot initiatives, a 1982 measure curbing pro-defense rulings on evidence and increasing sentences, and a 1990 measure narrowing defendant's procedural rights in preliminary hearings and other pretrial proceedings. The Lucas court interpreted both measures broadly; whether the "three strikes" law, which cuts closer to the heart of judicial authority, will get an equally sympathetic reading remains to be seen. Individual rulings allowed convictions to be upheld despite coerced confessions, broadened the evidence of past crimes that could be used to prove guilt, and upheld police roadblocks for drunken drivers.

A few important rulings favored defendants by preserving the status quo: a refusal to expand murder prosecutions to cases of unintentional drug overdoses, preservation of a defense based on an unreasonable fear of harm, and a reaffirmance of the need for scientific consensus before DNA and other new types of evidence can be admitted — a Lucas opinion that affects civil as well as criminal cases.



Former Chief Justice Malcolm Lewis

Another area of significant change was damage suits. Plaintiffs' lawyers, long accustomed to enlisting the court's aid in bringing about social change, now were told to take their disputes elsewhere. Complaints about insurers' foot-dragging were referred to long ineffectual state regulators (whose increased powers the court was later to uphold in Proposition 103). Fired workers were told to trust in the marketplace. Crime victims who blamed property owners for lax security were redirected, in most cases, to police. Parents who blamed a church counselor for their son's suicide were reminded of the separation of church and state (a principle the court also cited in banning high school graduation prayers). And a little more than a decade after a more liberal court used the Lee Marvin case to allow an unmarried partner to enforce a promise of support, the Lucas court invoked the sanctity of marriage in refusing to let a man sue for emotional distress after seeing his lover killed in a car crash.

Some of the rulings were harder to pigeonhole: a 1990 decision allowing a medical patient to sue for lack of consent when an organ removed during surgery became the basis of a commercial product while but denying him a share of the profits; a 1993 ruling making it difficult for residents to sue for fear of illness from exposure to toxics, easing the standard when the pollution was deliberate or reckless. But the justices also made it clear that they preferred arbitration to lawsuits; a 1992 ruling made arbitrators' decisions virtually unreviewable.

One problem Lucas leaves his successor is relations with the Legislature, which were frayed by the 1991 ruling upholding term limits. In language that did not seem necessary to the decision, the chief justice wrote that the initiative was justified by the dangers of "an entrenched, dynastic legislative bureaucracy," and that it was "speculative" to claim that a 38 percent cut in the Legislature's operating budget would hurt the legislative process. Lawmakers briefly proposed cutting the court's budget by 38 percent and made it clear that they would be slow to forget. Though many have since departed as a result of term limits, George has some fences to mend as he seeks legislative support for increased state funding of trial courts, his top declared priority.

Yet Lucas' principal achievement may also have been in the political sphere: The court has won, if not acclaim, at least acceptance from much of the public. The justices can therefore expect some degree of political protection if the court, after swinging from left to right, is now starting to inch back toward the center. Making that shift possible would be a final, ironic part of Lucas' legacy.

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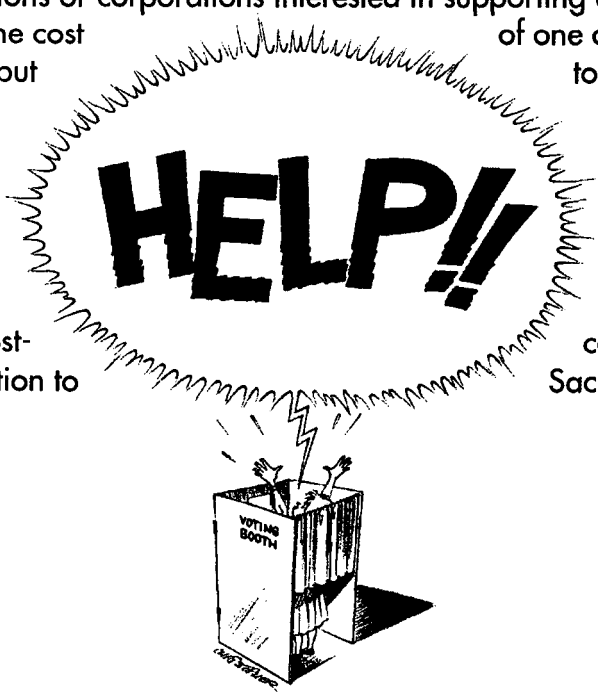

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Washington Notes

perspective

By Mark Z. Barabak

A star on the rise

Mark your calendars: The Susan Golding for Fill-in-the-Blank campaign officially kicks off August 12th in San Diego. On that day — not incidentally — the city that fancies itself America's Finest begins hosting the Republican National Convention. Over the next four days — not insignificantly — the whole world will be watching San Diego. (Well, those who give one whit about politics, anyway).

Golding is the city's enormously popular Republican mayor, safely ensconced for a second term after a whopping 78 percent re-election victory in March. With that race behind her, Golding would like to move on to bigger and, presumably, better things. A run for Barbara Boxer's U.S. Senate seat two years hence is distinctly possible, assuming Governor Pete Wilson — the subject of widely mongered rumors — doesn't get there first.

Failing a bid for U.S. Senate, Golding is widely expected to run for *some* statewide office in 1998, following the footsteps of the last San Diego mayor to emerge from the political cul-de-sac on California's tail end. (Yes, Pete Wilson.) The two even share some of the same political boosters. To Golding's great good fortune, one of them is Don Sipple, an old California political hand and longtime Wilson adviser who now presides as lead imagemeister of Bob Dole's presidential campaign. He is an unabashed Golding fan, going back to 1990 when she helped Wilson's gubernatorial bid by playing Dianne Feinstein in debate rehearsals. "I think she's one of the best communicators Republicans have in the state of California," Sipple fairly gushes.

If he gets his way — and he shouldn't have to beg — Golding could play a significant role stumping the state as a Dole stand-in this fall, making valuable political contacts all the while. Ken Kachigian, head of Dole's California campaign and another Golding rooter, is all for it. "There's a lot of territory to cover and to the extent Susan helps us reach out, that makes a lot of sense," Kachigian said. Translation: With a gender gap wider than the miles between Los Angeles and San Francisco, it can't hurt to have an articulate, pro-choice moderate woman putting a more feminine face on Dole's effort.

Golding was instrumental in wooing and winning the convention for San Diego, pledging — recklessly, some critics suggest — a package of more than $30 million in city services, private donations and "cold, hard cash." Golding has personally played an aggressive role in raising the $11 million pledged by the San Diego Host Committee, a convention support group. That not only fulfills her pledge — and reduces the ultimate cost to the city — but gives Madame Mayor the invaluable opportunity to make any number of important fund-raising contacts.

For the record, Golding states she hasn't "the faintest idea" what — if any — personal benefit she may derive as the convention's host mayor. "It's mainly a benefit for the city," she says, forecasting $160 million in related revenues.

Hosting a convention, of course, is no guarantor of political success. Save for Chicago's Mayor Richard J. Daley, few city executives are remembered for their convention roles — and Daley's son and successor, Richard M. Daley, is still trying to live down his father's image now that the Democrats, after 28 years, are finally returning.

Feinstein was San Francisco mayor in 1984, the last time a major party convention played in California. She got little political benefit, though she admits she never sought to capitalize on the exposure, delaying her run for state office for another six years. Feinstein says the greatest satisfaction of hosting the convention was "showing we could put it all together and carry it off."

"Failure to do that" — coming after the horrors of Jonestown and the city hall assassinations of George Moscone and Harvey Milk — "would have been just dreadful," she shudders.

For rather less dramatic reason, many San Diegans feel their town also has something to prove. After all, the city dubbed itself "America's Finest" to assuage some of the hurt left when the GOP abruptly pulled up stakes and moved its 1972 convention to Miami Beach.

"The city of San Diego, for many years, has operated with kind of a civic inferiority complex," said Tom Shepard, a political strategist and Golding consultant. "One of the very beneficial outcomes of the convention and the process of preparing for it has been forcing the city and its residents to reexamine who we are and how we fit into the global community."

The old Navy town's shift away from reliance on the military and defense industries and toward a more service and high-tech economy "has happened gradually and it's like seeing a child grow," Shepard observed. "You watch all the time, you never notice the difference. It takes an event like this to force this kind of self-examination. And you realize just how much things have changed."

Mark Z. Barabak is Washington correspondent for Copley News Service.

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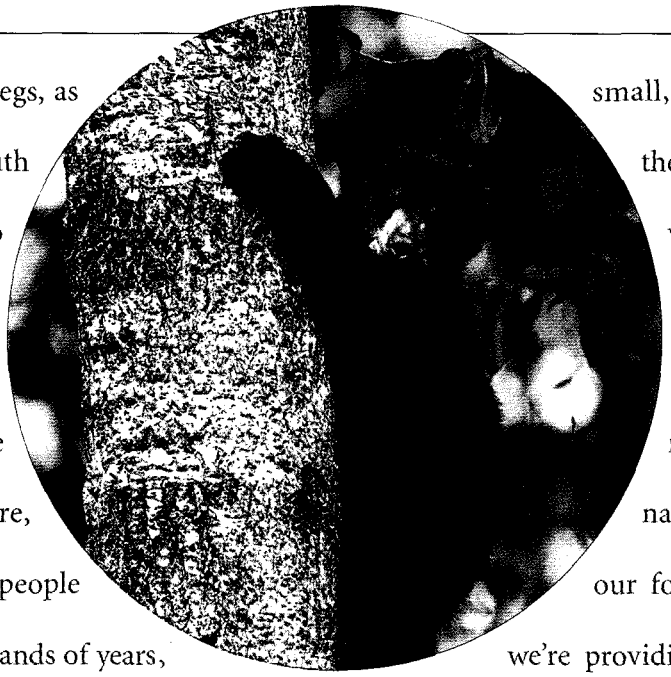

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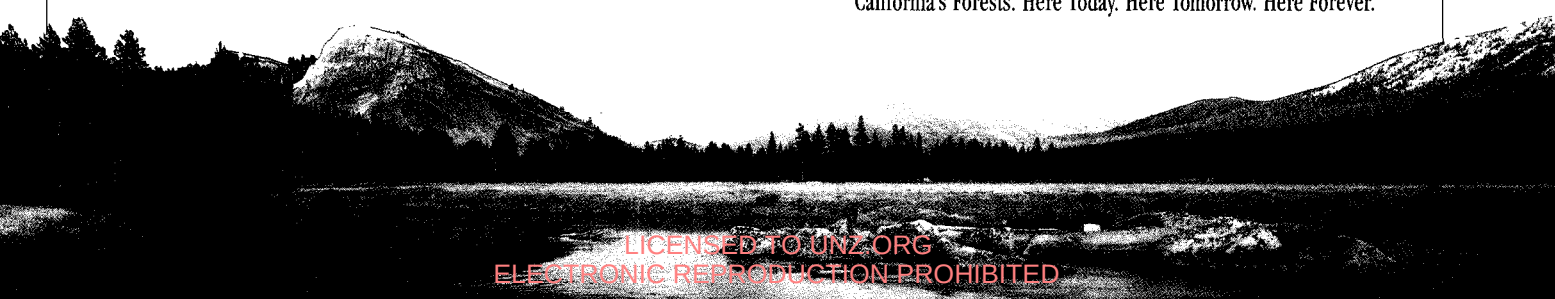

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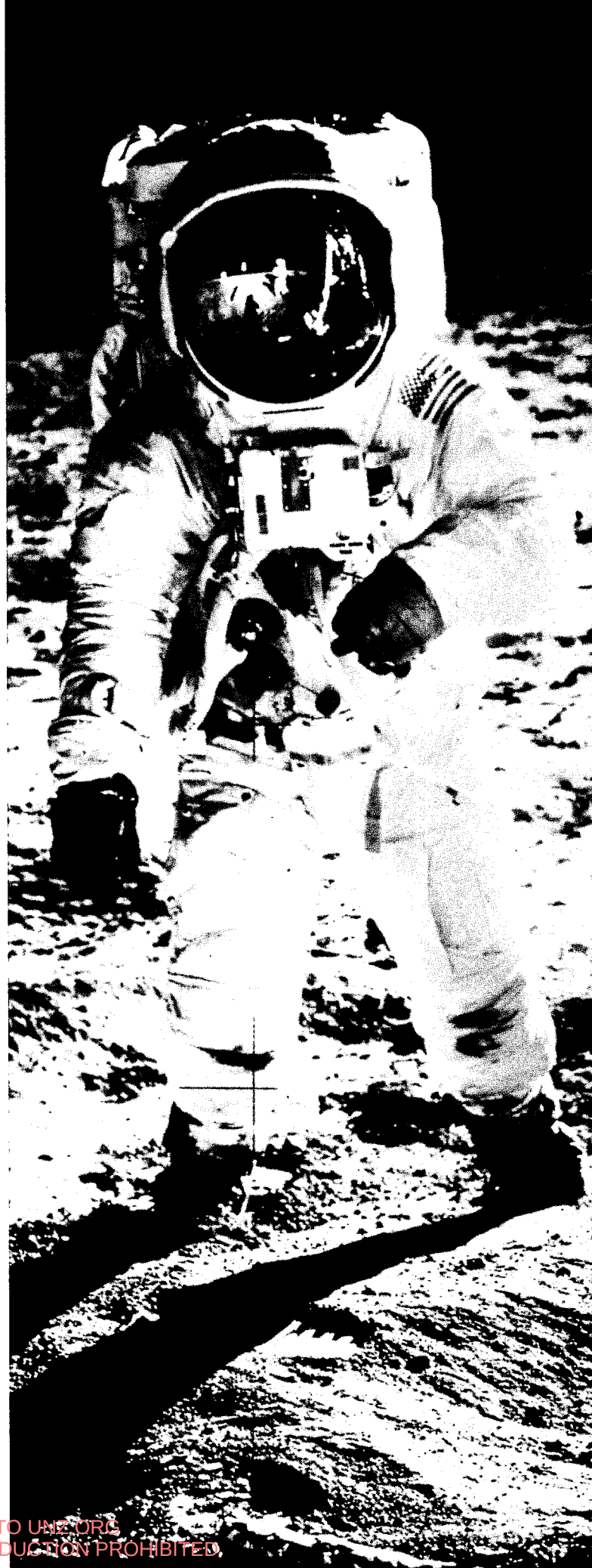

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